

Not in front of the children

BY ANTHONY HARRIS

THE Department of the Environment finally confessed last week that it has been issuing figures which exaggerate the national shortage of water, so let nobody say that all the news is bad. A Government department has actually been caught out in one of the most damaging habits of the civil service, and confessed. If this small event does anything to create even a small unease about official statements of all kinds, it is an event to celebrate.

No doubt the officials concerned meant well. They wanted to make us save water, which is no doubt helpful, but perhaps they wanted the Welsh to feel that they were not suffering alone.

Pragmatism

This kind of pin-striped pragmatism is quite revealing in itself: no one is so little worth as an official armoured in the knowledge that everything he does is for the Public Good (I feel sure they think of it in capital letters). The details of the lie are revealing too. Mr. Howell's devoted hand has been trying to convince us that the measure of the water shortage is the amount by which rainfall has been below average over a period of more than a year.

What is so fascinating about this lie, then, is its transparency. It could only have been told by someone very stupid or by someone with a great contempt for those outside the Civil Service.

Now I do not for a moment wish to suggest that palpable lies are part of the normal methodology of the Civil Service; but if you soften the phrase a bit, and think simply in terms of misleading presentation, then the suggestion seems a good deal less unfair. And if you start from a presumption that the public is foolish, and will take more kindly to harsh measures if they are imposed by stealth than if they are openly announced, or at the very least if the need for them is tactfully exaggerated, you can see how sneakiness is the handmaid of deception.

Look, for example, at the biggest and most durable deception in British public life: fiscal drag. As everyone must by now know, one result of inflation is to devalue the tax free allowances and tax thresholds which govern our liability to income tax. As incomes rise roughly in line with prices, the proportion of income free of tax falls, and the average rate rises. Thus, at a time of inflation, all a Chancellor need do

to raise income tax is to sit still and say nothing.

If you start from the assumption first, that the Chancellor can be trusted to do what is necessary, and second, that it is possible to defy the ghost of Abraham Lincoln and fool all the people of the time, this can be thought of as a very convenient piece of arithmetic. It is true, of course, that there is also a concealed cut in all specific duties as a result of inflation, but the sum involved is rather smaller. As a result of years of this distortion, including many years in which we were in effect subsidising our vices (raising income tax and, for many years, cutting pensions in order to make drink and cigarettes cheaper), we have a crazily distorted tax system.

Political gain

No doubt the politicians have joined in this deception; it is very nice to be able to claim political credit for cutting taxes when you are in fact raising them. But Mr. Howell, to do his credit, has at least acknowledged some of the deception, and I find it hard to believe that some other Chancellor could not have been persuaded to admit it and indeed to index tax allowances and thresholds, if the Treasury had passionately wanted him to do so. The political mileage to be had out of honesty, too.

One is sometimes driven to wonder whether officials do not in fact fool themselves with their concealments and distortions. I have had to spend much of my time recently discussing and writing about the financial mismanagement of our affairs—the failure to fund the sterling balances, to devise an effective way of running the gilt market at a time of rapid inflation, and so on. The case put up against the issue of U.K. dollar securities, or against indexed gilts, or even against the issue of Government stock by tender or some other means, to the Treasury (which has no doubt learnt from experience to trust the authorities to keep the value of Government stock gently rising for ever). And so it goes on. What kind of a people do they think we are?

RACING

BY DOMINIC WIGAN

IF PRESENT PLANS are with only fair success against high class rivals in the Queen's Vase at Royal Ascot and Longchamp's Grand Prix de Paris before returning to winning form in the modest Burton Agnes Stakes at Beverley.

Never Bend colt will be let down for a well-earned rest of the ranch of his owner, Mr. George Page Junior, before beginning a spring campaign in which he will almost certainly be concentrated, initially, on 6 and 7-furlong events.

Britain's greatest and most respected post-war trainer, Noel Murless, now retires one short of a record 20 English classic successes—a feat which only a few days ago seemed on the cards with J. O. Tobin, a red hot favourite for the 2,000 Guineas.

Turning to to-day's four meetings, the best sport should be at Redcar, where it will be interesting to see if the Queen's improving three-year-old, Valuation, can give 4 lbs to *Duchess Treas* in the Saltburn Stakes.

A four-lengths winner from Bagshot at Newmarket in the spring, Valuation was then pitted

against a son of Le Levantin, Dutch Treat will be ideally suited by the soft underfoot conditions.

There seems to be no reason why *Just Revenge* should not confirm recent Goodwood superiority over Jim Coker in the Hanging Stone Handicap.

At Warwick, the lightly-raced Green-Fingered looks set to lead the Racing Club Nursery. This Green God colt was on hard ground at Bath in August and will be far better suited by to-day's going.

At Plumpton, the jumping programme stages six races connected with the Playboy organisation. I hope to see *The Shute* repeat his success of a year ago in the opener, the Playmate

Although he is clearly in fine selling handicap.

SALEROOM

BY ANTHONY THORNCROFT

European porcelain sells well

A VERY SUCCESSFUL auction went to E. E. Simmons for £2,000, alioy funerary crown, made over three times the forecast, about 500 B.C. £500.

Sotheby's held the first part of a two-day auction of books, letters and documents totalling £21,170, with virtually every item selling. A collection of 50 pamphlets, all from about 1800, sold for £1,200, much more than expected, and the first edition of Rowlandson's "Poetical Sketches of Scarborough" also did exceeding well to sell for £1,100.

The top price was the £9,500 (to which, as in all cases, a 10 per cent buyer's premium must be added) paid by Sewell for a large Meissen dinner service, painted in colour with bouquets of flowers. A similar Meissen service sold for £3,000, but a third was bought in at £1,000.

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Financial Times Tuesday October 12 1976

Ies on Dublin Theatre Festival

by JEREMY KINGSTON

begin times of plumb at the other. The stage itself is a theatre festival—no not companies arrive road to participate—prohibitive. Gone are when troupes of Poles, Czech mimes, Japanese puppets one another into a capital. Dublin's festival, now in its 15th year, of the few survivors the only festival in the West that itself to theatre. Its box office have always shown a tendency to be inexpensive, it could now be altered, general gain—but the that later.

Kirby's new play was appointed after the *The Death and Decay* Mr. Rocke some years central characters of *Sex and Shakespeare* is one of those parts standing temptation in this case the comedy, showing this *The Grand Canyon*, who plays a jovable slab of a people his top-favor in fantasy versions of landlady, in-laws and beer. From a vantage top of a wardrobe he them troop in and out the wardrobe doer to removal to a mental. Sometimes he descends room to sit beside his nubile daughter who doesn't want to be depending on whether fantasy at the time. He tricky propinquities from Shakespeare's device becomes increasing staring at the evening

remarks suggest that is distressed by the use of words. Poverty means poverty of But the relationship this and his regard for and his book is not spiced.

ately the next play was enjoyable. Written est, too, which would been possible a few when the clergy were ed from entering let alone writing for *The Seventh Sin* (Gate) and *Forrister's* third play who have seen all his ink him high among Irish playwrights. His sense is certainly able to select elements old morality plays to a witty setting for the of the mediaeval papacy one is placed within a gled alone to one side stage, Hell's mouth gapes



Christopher Cason as God in 'The Seventh Sin'.

ICA

Elisabeth Chojnacka

by NICHOLAS KENYON

ANNOUNCING
END OF THE
INNER PARTY



CROFT
PORT
STINTON
for 5 years in the
inner party

Distinction, luxury, port
for 5 years in the wood.

The ICA, looking increasingly like the Mall's rubbish dump, seems belatedly to have realised that contemporary music should form as important a part of its activities as film, theatre or sculpture. Every Sunday evening between now and Christmas it is providing adventurous musical fare: concerts by six experimental composers, two Anglo-American evenings, and "Anti-fascist" events promoted by the Progressive Cultural Association—Cornelius Cardew lives. As part of three afternoon and evening sessions by the newly-formed English group Option Band, the young French harpsichordist Elisabeth Chojnacka was invited to give a workshop and a recital.

Dear Daddy for the Ambassadors

Denis Cannan's new play *Dear Daddy*, well reviewed when it played at the Oxford Festival this summer, is to move to the Ambassadors Theatre on Thursday, October 20. It stars Nigel Patrick, Phyllis Calvert, Isabel Dove and Jennifer Dean, and is directed by David Williams.

Theatre contract for Iran

A consortium led by the Theatre Projects Group has been awarded a multi-million-pound contract for a series of concert halls, theatres, cinemas and studios to be built throughout Iran. Theatre Projects has also been awarded a contract for study.

Only the relentless tread of Socialist Music? for National Iranian Radio and failed to convince, though Miss Television.

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Hayward Gallery

North American Indians

by DENYS SUTTON, Editor of Apollo

The news that the Arts Council was preparing an exhibition of the art of the North American Indian may well have caused some concern to those fearful that the result might be a "boeuf Stronganoff" with wigwams and tomahawks. However, such fears are proved groundless by the notable exhibition which has been arranged at the Hayward Gallery by Ralph T. Coe, of the William Rockhill Nelson Gallery, Kansas City.

There is nothing "folkloristic" about the show, which is well laid out, clearly labelled and has been selected with an eye for artistic quality. Mr. Coe is to be warmly congratulated on an exemplary exhibition, one that breaks new ground and marks a date in the history of an unfamiliar subject.

The bibliography in the catalogue, shows that numerous studies have been devoted to North American Indian art, but the bulk of these have been concerned with its archaeological value. And when North American Indian art is exhibited in museums, the aesthetic aspects are rarely emphasised, one exception being the McCord Museum in Montreal. The exhibition with North American Indian art, and the same is broadly speaking true of Egyptian art, is that most students of the subject are not interested in art.

North American Indian art is not easy to assess. One of the achievements of this show is that it presents the main outline, so that from now on it will be possible to undertake inquiries that will extend knowledge about major areas. Here Mr. Coe has made an important contribution, for he has presented his exhibition in such a way that the chronology can be grasped as well as the differences between regions and their

It is this sense of a many-stranded continuity with the past generations that the Dublin Festival in its present form lacks. Even if such an enterprise cannot be mounted in these hard times (see opening paragraph), it should not be impossible to devise some fascinating exhibition in lieu, packed with relics, old posters, photographs, filmed fragments (are there any?), recordings (ditto?). This would provide a strong framework of times past to set around the flourishing present.

Many years ago, Roger Fry, when reviewing Thomas A. Joyce's books on South American archaeology (*Burton Magazine*, 1918), drew attention to a piece dug up by the Mormons in Utah in 1843 which to him looked Chinese. Just this sort of stylistic question is raised in the show. And one of the major contributions made by the exhibition and the catalogue is that North



Eskimo mask

American Indian art is now seen in its true title. These run from the archaic to be far more complex and elegant earthworks and effigies sophisticated than previously pipes and the serpent cult onwards.

The exhibition ranges in date from 3000 BC (one piece at this early date is included) to modern times. The majority of the early pieces, however, date from about 100 BC to AD 200, and thus broadly speaking, are contemporaneous with Ham objects and sculpture from the northwest coast of North America. The exhibition includes some of the small masterpieces that mark the North American Indians' art and the instinctive sense of style characteristic of such work. The decorative nature of the American Indians' vision is marked; so is a feeling for form, vivacity and magical meaning to masks, to find exquisite colour combinations for textiles, and to express mobility.

A number of masterpieces are included, including the AD 1400-1500 figures from Etowah and the exquisite and unique Sioux horse effigy which may have been used in a victory dance. This nineteenth-century sculpture symbolises the romance associated with the Red Indians of our childhood; its evocative quality would have appealed to Delacroix. Mr. Coe considers that the subject may be divided into six success; he has placed the art of Plains Indian 19th-century painting on to say that "The hand silhouette might be an early manifestation of the hand and eye symbolism found in Mississippian times, which carried on into Plains Indian 19th-century painting."

The intelligent design of this exhibition brings out the salient phases of American Indian art. Just this sort of stylistic question is raised in the show. And one of the major contributions made by the exhibition and the catalogue is that North

Staatsoper, East Berlin

Katerina Ismailova

by ELIZABETH FORBES

The Deutsche Staatsoper in East Berlin celebrated the 70th anniversary of the birth of Dmitri Shostakovich with a performance of the Russian composer's second opera, *Katerina Ismailova*, preceded by a short memorial concert. The quartet century which lies between the composition of *Lady Macbeth of Mzensk*, as it was then called, and the revised version first performed in 1963, might well have destroyed the opera's spontaneity. Happily that is not so.

Katerina remains essentially a youthful work bursting with vitality and infinite sympathy, which Shostakovich feels for his heroine survives intact. Whereas in Leskov's original story Katerina's motives are at least partly mercenary, in the opera she is driven to murder by her obsessive love for Sergei, and becomes a genuinely tragic figure.

The marvellous galaxy of villainous and grotesque, artificially treated characters with which Shostakovich has surrounded Katerina is extremely well-illuminated in Erhard Fischer's production at the Staatsoper. The Ismailov employees' mock servility as they bid farewell to Zinovy Borisovich, Katerina's weak and ineffectual husband, is contrasted with the cringing, abject deference that they show to Boris Timofeyevich, her father-in-law. The farcical scene at the Police Station, where the Inspector reclines under a sunshade, while two of his men water the sunflowers with the aid of a very large pitcher and a very small mug, gives way to an even more outrageous wedding-banquet, when the drunken

behaviour of the guests is excellently played. Peter Bindemar emphasised by the tightly strung as Zinovy Borisovich prebuttoned respectability of their clothes, designed by Christine Vulpis is effectively strident as Aksinya the cook. Joachim Arndt, an acrobatic Tattered Peasant (or Villager) Drunk as he is called in the English version), makes a great deal of his monologue in the scene where he discovers the body of Zinovy in the wine cellar. Siegfried Vogel belches and hiccupps genially as the priest, Günther Fröhlich is splendid as the venial, flower-loving Police Inspector. In the Siberian act Ingeborg Springer makes an icty attractive Soneika, while Motomu Itaki movingly voices the convicts'

Though the score of *Katerina Ismailova* has lost its power to shock, it still has an inexhaustible fount of melodic invention and an equally tireless source of rhythmic energy; Heinz Fricke, the conductor, does both these aspects of the work full justice, attacking the more violent of the interludes, in particular, with the enormous relish and gusto, drawing full-blooded playing from the orchestra with which the Staatskapelle (whose brass section has a field-day) and alert singing from the Staatsoper

Rainer Römer. The concert given in the Apollo-Saal, illustrated Shostakovich's career from the teenage precosity of *Præludium* and Scherzo, opus 11, to the late Poems by Marina Zvetayevna (1973), idiomatically sung—by Rolf Tomaszewski sings Russian by Annelies Burmeister, with Joachim Freyer as pianist. The *Musica Nova* Chamber Orchestra, also played the Sinfonia opus 110 that is an arrangement of the string quartet No. 8.

Purcell Room

Composers' Quartet

by MAX LOPPERT

The Composers' Quartet devoted the latter half of last Sunday's recital, second in its great rewarding current series exploring the American string. The beauty of this music is a beauty hard and honestly won. We need to experience it more often.

The performance, admirable siveness of a second fast movement; and the melancholy serenity of the final Adagio, thinning out and curling to rest. The quartet repertory of the 20th century, to Roger Sessions' beautiful Second Quartet, key work—it marked Sessions' first significant adaptation of serial techniques in the 1950s—the music is that fusion, unique and yet typical of its creator, of masterly and rigorous grasp of accumulated and released tensions, and, above all, a seriousness about the basic matters of composition, for which the American composer is so much admired.

The idiom of the music, a quiet, Berg-like melodic expansionism, was sometimes imperfectly co-ordinated, and not always quite sweet or warm enough of tone—the leader of the quartet, Matthew Raimondi, makes for all his invaluable qualities of musicianship, a slight thin sound above the notes. But this is being ungenerous—gratitude for the performance should precede critical rigours. The first half of the concert was interesting, if not quite so nourishing: a slice of Henry Cowell's his *Fourth Quartet* of 1935, a jolly snatch of that suggests the communal *Prussian heritage*); I find peculiarly affecting; and, too, a *Moto adagio* movement perhaps wanting in tonal fullness and warmth. Without followed by biting Allegro, with such warmth, Barber's emotionalism becomes high-pitched a vaguely reminiscent of Tippett's little too soon. More American quartet-writing; an impassioned quartet on Wednesday and central theme; and variations Sunday—eminently worth released by the rhythmic aggres-

Albert Hall/Radio 3

Havergal Brian

by DAVID MURRAY

The Havergal Brian Festival principal offering of this concert, ended on Sunday with the he even does it in 5/4 time. He *Grande Symphonie Funèbre* seems to feel real discomfort *Triomphale*—of Berlioz: an when accommodating himself to appropriately eccentric gesture, was undertaken by the Regimental Bands of the Coldstream, Scots, Irish and Welsh Guards, sounds a grudging, merely stammer but with too much statutory entry, and nothing is done with it. But his strange long marches provide a kind of dramatic shape, which used to be provided by tonal procedures, before chromaticism, and afterwards by his heroically extended standard—a very early work. It is a tripartite elegy for a quite large orchestra, with organ; it sounds the work of an Edwardian with cosmopolitan interests. Many of its episodes bring strong whiffs of Elgar, through a common rhetoric rather than by actual borrowing. But the brusque last-minute drop into the original C major (from what had seemed an irrevocably established E major) has nothing Elgarian about it. In one form and another, the main track of the work is a calm, unending march, and that is Brianish indeed.

You can march almost anywhere, or nowhere in particular, and in place after piece that is what Brian does. In the slow movement of the "Gothic" Symphony, of which the three apparently self-contained orchestral movements constituted the might be discerned. But the sort of dramatic shape, which used to be provided by tonal procedures, before chromaticism, and afterwards by his heroically extended standard—a very early work. It is a tripartite elegy for a quite large orchestra, with organ; it sounds the work of an Edwardian with cosmopolitan interests. Many of its episodes bring strong whiffs of Elgar, through a common rhetoric rather than by actual borrowing. But the brusque last-minute drop into the original C major (from what had seemed an irrevocably established E major) has nothing Elgarian about it. In one form and another, the main track of the work is a calm, unending march, and that is Brianish indeed.

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EUROPEAN NEWS

Communists confused over support for Andreotti

By DOMINICK J. COYLE

THE ITALIAN Government's wide-ranging programme of austerity measures, including sharply higher petrol prices, the abolition of a number of public holidays and an end to threshold payments for higher-paid workers, had no obvious influence on the foreign exchange market to-day and the lira rate against the U.S. dollar closed virtually unchanged at \$2.40.

The market, however, remains somewhat artificial in that the temporary 10 per cent surcharge on all foreign exchange transactions has another week to run, and it will be next Monday at the earliest before the authorities can see how the market evaluates the Government's programme.

It should also be apparent by then whether Parliament will actually approve the various measures announced by the minority Christian Democrat Government of Sig. Giulio Andreotti, and in this regard the attitude of the Communist Party (PCI) will be crucial.

The PCI has indicated that its support is available for "tough" measures to tackle the country's fundamental economic and social problems, but the party leadership is known to have reservations about some elements in the Andreotti package, particularly the across-the-board increase of 25 per cent (to the equivalent of £1.62 a gallon) in petrol prices. The PCI is also demand-

ing a wide-ranging programme of industrial conversion and measures to reduce sharply unemployment.

The Central Committee of the PCI has been "summoned urgently" to a special meeting this week, and the leadership is known to be concerned over the considerable confusion among rank-and-file supporters caused by the PCI's apparent general backing for the minority Christian Democrat Government. Many Communist voters expected an all-out PCI opposition to the Government unless the Christian Democrats conceded in the wake of June's general election the so-called "sectoral compromise" of all the democratic parties.

Some Christian Democrat leaders, however, fear that Sig. Andreotti may be about to conclude an historic compromise in Parliament if not formally in Government itself, and it is known that the Prime Minister was in frequent contact with PCI leaders prior to the announcement of the austerity programme and the earlier monetary steps in defence of the lira. It is clear, in any event, that the Communists can bring down the present Government virtually at will, if the leadership should so decide.

The Christian Democrats, meanwhile, are still without a party president, although Sig. Moro was announced yesterday, reports the *Irish Times*, as the new Minister of State. And Mr. Prime Minister in a statement to the House of Commons yesterday, announced that he had "no objection" to the formation of a coalition Government, provided that the Communists would support the new Government.

ROME, Oct. 11.

Soames taken ill

By Robin Reeves

BRUSSELS, October 11. SIR CHRISTOPHER SOAMES, the British Vice-President of the European Commission, was taken ill suddenly during a visit to his home at Castle Mill, Hampshire, at the weekend. He is in hos-

pit under close observation, it was announced here to-day. All Sir Christopher's engagements for the next week have been cancelled. A speech he was to have made to the International Federation of Cotton and Allied Textile Industries in Vienna to-day, at the start of an official visit to Austria was read in his absence.

Mr. John Lynch, executive director of the Industrial Development Authority of Ireland (IDA), will head a mission to Japan early next month for talks with Japanese Government officials and industrialists.

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import

Special
arts
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Turkey

TURKISH Government last night a battle to keep its course set up to try against state security. A three-week parliament, Premier Süleyman 'Right-of-Centre' has been unable to through legislation protecting the life of the country were automatically yesterday.

Government's bill, proposed resistance, including a three-week parliament, and a six-day last month by tens of thousands, set up in 1973 in the of serious political united more than 3,000 and sentenced more than 1,000 Left-wing offenders.

ISS 0.2 per cent. price fall

Swiss Consumer Prices fell by 0.2 per cent. last month, the annual price down below 1 per cent. first time since March, industry department according to Reuter.

All compared with a 0.4 rise in August and the overall index at the September to a figure cent. higher than the level, 1975, level.

It was caused mainly by food and housing prices, apartment said.

reserves

September

current reserves fell \$1.5bn. at the end of September, from just over the end of August, as of heavy intervention on behalf of the Bank of Italy has been made to support and repayment of \$500m. undebated at the time of the gold-linked loan, sources said, Reuter says

It reserves figures for September are expected to be slightly. Since the start of the year, the Bank of Italy has been buying back dollars in a market artificially by a 15 per cent. tax on purchases due to expire 15.

slay talks

LAIA and Peru continue days of economic negotiations to review the currency and further develop economic relations in the two countries. The deal was signed in the possible expansion of the long-term, export deals should be concluded to promote direct trade between the two countries.

1 prices up

CE consumer prices in September went up by 1.1 per cent. over the period mid-to mid-September. The Official Statistics Office announced yesterday. The average, which is based on 100, rose from 171.4 in September. It said. Price rises in clothing, coffee, furniture, electricity and transport, as well as some food. In the 12-month period September, prices in the and rose 9.1 per cent.

exchange

higher

VER on the Paris Stock amounted to Frs. in September, bringing the total to Frs. 3,200bn. up from Frs. 4,083bn. the first nine months of figures released by the Association show.

ch gas higher

H. GAS production increased by 5.8 per cent. to thermal units during the first nine months of this year. In the like 1975, gas in France amounted to 4,420,000,000 cu. m. For August alone, output per cent. to 3,500,000 cu. m. a year earlier.

EUROPEAN NEWS

Dutch move to Right predicted by poll

BY MICHAEL VAN OS

THE HAGUE, Oct. 11

A MAJOR opinion poll conducted last month suggests that the type of swing to the Right already exhibited in West Germany and Sweden in the general election next May.

The main coalition bloc, the "Progressives", is shown to be losing ground rapidly, while the large Liberal-Conservative VVD opposition party is attributed to be drifting fairly calmly towards a new coalition with the Christian Democrats next year.

The CDA may be in a position after next May's elections to decide with whom it wants to govern. Although there is support among several Christian Democratic Cabinet Ministers for a second Centre-Left coalition, the party is not prepared to commit itself beforehand on which partner it would prefer, unlike the Socialists who have rejected a coalition with the VVD, and Socialists' coalition allies, who are prepared to continue with the new CDA party only on the basis of what they call a basically progressive policy, the outlines of which should be agreed beforehand.

However, the unexpectedly strong support for the CDA in the poll, it continued, will mean that that party will demand the major ministerial positions from that, compared with the 1973 General Election, the VVD could gain as many as 17 Parliament seats to bring its total to 39 out of 150, should an election be held now. The Socialist bloc in the Left-dominated Cabinet would see its seats drop by 10 to 45, with the exception of the Flemish north, where, which is that, in order to have successfully fulfilled the initially reluctant Anti-Revolutionary Party.

A shift to the Right is also seen within the CDA itself (ARP) to join the CDA's federation. The Christian-Historical Union, its two other partners (CHU), the only of the three agreed in exchange on a continuation of a Centre-Left coalition in the current Social



Belgian coalition holds firm

BRUSSELS, Oct. 11.

THE RULING Centre-Right coalition of Premier Leo Tindemans easily survived a mid-term test in yesterday's Belgian local elections.

The opposition Socialists made their expected gains in the French-speaking southern industrial centres, but they failed to progress in the Flemish north, and even lost ground in some of their working-class strongholds in Brussels.

Mr. Tindemans' Social Christians (Christian Democrats) advanced in Flanders and in the French-speaking south, and maintained their strength in Brussels.

In the capital, the French-speaking Federalist Party (FDF) (Front Democratique des Francophones), scored surprise outright wins in several districts.

EEC ministers vie for farm post

BRUSSELS, Oct. 11.

ITALIAN FARM Minister Sig. Giovanni Marcora is emerging as the front runner for the key post only.

Denmark's able technocrat Finn-Olov Gundelach is likely to be headed by Britain's Mr. Roy Jenkins, diplomatic sources said today.

Signor Marcora has the support of other big Community countries and Mr. Jenkins discussed his possible nomination during recent talks with Italian leaders in Rome, the sources said.

Filling the Farm Commissioner's slot is a highly sensitive issue because the integrated nature of EEC farm policies make him the most powerful commissioner after the president.

With the coming EEC summit in The Hague only six weeks away, the list of names in Mr. Jenkins' pocket of potential colleagues is getting shorter as member governments narrow the number of candidates. The new Commission takes over in January.

There is still no certainty as to the second British Commissioner to accompany Mr. Jenkins to Brussels. The names circulating here are former Conservative Industry Minister, Mr. John Davies and Sir Peter Kirk, Leader of the Tory delegation to the European Parliament, with betting now running strongly in Sir Peter's favour.

Each of the four big EEC countries — West Germany, Britain, France and Italy — have two of the 13 commissioners while the smaller members name one apiece.

For France, the current head of the Commission, M. Francois-Xavier Ortoli, is being tipped to stay on as vice-president with responsibility for foreign affairs.

His present partner, M. Claude Cheysson, is expected to be a Gaullist politician.

Former Farm Minister Michel Coingt is a possible nominee.

Following the victory of the Socialist-Liberal coalition in West Germany, the tandem of Willem Röterkamp and Guido Brunner is likely to continue for another term.

Sig. Marcora has not yet committed himself to running for a Commission job, but has made it known he would like to be

Leyland wins Dutch order

BY MICHAEL VAN OS

BRITISH LEYLAND is to supply 512 Landrover ambulances to the Dutch Army under a contract worth around £1.30m. (\$3.5m.). Michael Van Os writes.

The transaction involves an extension order (option) following the much larger contract worth £1.70m. (\$1.5m.) signed last year for the delivery to the Dutch Army of 2,025 Ordinary Landrovers by Leyland.

British Leyland, Nederlands said that the upper ambulance contract, built on to the vehicles in the current order would be supplied by the British company Marshall of Cambridge.

The full ambulance contract, including spares, will have to be

executed within five years.

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OVERSEAS NEWS

P rejects fighting rages in Beirut
ment to s peace talks continue

HSAN HIJAZI

Lebanese, Palestinian and Arab League negotiators up their talks at the Shouf mountains overlooking the Southern port city of Sidon engaged in artillery duels with Palestinian forces in the Bekaa Valley town of today, fighting intensifying in the North Lebanon, the Beirut area leaving a question mark over the success of any peace conference for the time being.

Lebanese, Palestinian and Arab League negotiators at the Southern Marjayoun traded mortar and artillery shells with Christians in the region were established a security zone in the border area through co-operation with Christians in Lebanon.

Witnesses from the South reported that the Israeli have established a security zone in the border area through co-operation with Christians in Lebanon.

Former cabin move over Hebron

DAVID DANIEL

YESTERDAY'S events due to meet in December to on, Israeli Premier Yitzhak Rabin chose the leadership which it will put to the vote. Acknowledging that he had not been "sufficiently involved" in what went on in the territories, Mr. Rabin proposed that the 11-man Ministerial defence committee, dealing with regular defence matters, take over an additional role, the supervision of policy in the areas have come under the jurisdiction of other authorities. In other areas, Defence Minister Shimon Peres said he had agreed in the past in giving the committee a greater share in policy-making for the occupied territories, but he clearly took the timing of the Premier's proposal as a sort of vote of no-confidence.

Japan PR campaign
Australia

KENNETH RANDALL

CANBERRA, Oct. 11.

JAPANESE Government intends to conduct a public relations campaign to change the image in Australia. It is based on a national survey conducted for it recently by the Australian Nationwide Polls (ANOP) which found results which it can be disturbing. Japanese authorities, however, published their results in both Canberra and in marked contrast to the Australian side, which has similar survey taken of Japanese attitudes in Australia. The Australian Affairs Department says it will be possible later to publish a summary of its results. At this stage, however, it refers to regard its survey as "private document." A man from the Department at "frankly" there are things in it we would not see published "and some of the two results might sound for perturbation." Australians in the ANOP correctly identified Japan as Japan's major trading partner, nearly half thought that Japan should be included in the list of countries that it should be at its present level. There were acceptances of existing restrictions on trade, 75 per cent of those interviewed thought that Australia did not sell uranium to Japan. It is said that sales go ahead.

Ford strike in NZ

By Dai Hayward

WELLINGTON, Oct. 11. PRODUCTION at Ford's New Zealand main car assembly plant near Wellington is at complete standstill following the dismissal of almost 700 workers over a production dispute. Neither the union involved nor Ford's are optimistic about an early settlement.

Soviet MiG retaliation

DAVID SATTER

MOSCOW, Oct. 11.

SOVIET UNION has shown its support for Japan over the 325 episode in a number of ways but it now appears that "there will be no major Soviet intervention for the dismantling of the plane." Soviet businessmen in Moscow have been experiencing difficulties with Soviet authorities, and Soviet officials have said that a planned visit by Soviet party leader Leonid Brezhnev to Japan will not take place. They have also been warned that the Soviets will be stiffening their attitude towards Japanese fishing in or near Soviet territory and toward visits by Japanese citizens to war graves on Soviet territory. Despite these activities, the Soviet Airlines' Frankfurt-Tokyo flight to spend a night in Moscow and the application of permission for a Soviet embassy exhibit at the Japanese botanical gardens has not been done.

disease identified

By Darby

KHARTOUM, Oct. 11. MYSTERY disease that has parts of southern Sudan is identified as a type of hemorrhagic fever by a UN health bulletin being distributed. The bulletin says the outbreak in Anzara, Western Equatoria, in July. It died out and reappeared some 100 to the east in the same place at Madi in July. It is in alarming proportions." September affected area is near the Upper Zaire from where have also been of an unidentified disease.

Neto leaves Moscow

By Our Own Correspondent

MOSCOW, Oct. 11. ANGOLAN PRESIDENT Agostinho Neto has left Moscow for Leningrad following discussions with Soviet Party leader Leonid Brezhnev and the signing of a 20-year-treaty of friendship and cooperation with the Soviet Union.

ON OTHER PAGES

International Company News: Air NZ result; Thomson-Brandt forecast; Singapore stock options ... 24/25 Farming and Raw Materials: U.S. maize estimate; Jute buffer stock urged ... 31

Palestinian attacks on embassies

BEIRUT, Oct. 11.

SYRIAN EMBASSIES came under attack in two countries yesterday by Palestinians protesting against Syria's intervention in the Lebanese civil war.

In Rome, three young Palestinians calling themselves "commanders of the 'Black June'" movement raided the Syrian embassy but surrendered to police 90 minutes later. One embassy official was wounded.

In Islamabad, a group of seven or eight students, mostly Palestinian, stormed the Syrian embassy but were turned back by Pakistani police. The students then hurled a grenade into the building and eyewitnesses said seven people were wounded in a gun battle that followed.

Before surrendering to police who had ringed the Rome embassy, the leader of the three Palestinian commandos read a statement in which he said the operation had been carried out to focus world attention on the plight of the Lebanese crisis.

According to reports in the Press here today, the Syrians have insisted on Palestinian withdrawal to their camps within six days before the projected Arab summit conference convenes in Cairo. The summit is scheduled in seven days time.

The Syrians are also reported to be insisting that their troops must enforce whatever ceasefire may be agreed on, with the Arab League peace-keeping force playing a minor role.

The gun battle erupted after police and security guards stopped the students from entering the building.

Gen. Chalard has too small a

An article prepared for a base with the army to have

elaborated on his dismissal was new leadership was obviously suppressed by the authorities apprehensive that disaffection

Loose talk in the early hours of Friday morning or nearly 36

hours after the military take-over, Gen. Chalard apparently

expressed his opposition to army

This does not necessarily mean

rule as undesirable. An officer that time have the full backing

with political ambitions, he was of younger officers between the

India to liberalise imports of capital goods

NEW DELHI, Oct. 11.

THE INDIAN Government has decided to import capital goods so that they increase production both for the domestic and world markets but also throw the long protected Indian capital goods industry open to competition.

Further steps to use the reserves are to be announced later this month but present decisions on importing capital goods have been taken to check the growing "leakage" in industry and the closure of 72 industrial units for various reasons including generation in demand, lack of funds and obsolescence of plant and equipment.

Liberalisation of imports of capital goods is expected to not

is that the revival of the economy following two successive good monsoon harvests will stimulate overall industrial production and exports as well.

The All India index of security prices which touched extremely low levels in May has been rising steadily since June. This suggests that market expectations are improving as a result of the better outlook for the economy.

India's Petroleum Minister, K. D. Malaviya, has left for Tehran where he will discuss further economic links between India and Iran, particularly the question of crude supplies. Just before leaving, Mr. Malaviya expressed concern about the impact of a further price increase by Opec on developing countries, and it is expected he will discuss this at Tehran.

India's Law Minister H. R. Gokhale has indicated that general elections will be held before March next year. A final decision will be taken next month.

The relatively liberal and

open import of capital goods

the Government has, will jerk

the indigenous capital industry

out of its lethargy and lead to

its own modernisation as well as

those of other undertakings.

Combined with other decisions

study is complete but the hope

rank of major and colonel whose

impatience for reforms could yet

prove a headache. There are also

other high ranking officers ex-

cluded from the ARC.

Gen. Chalard's politicking was

unwise as it had by then become

clear to most senior commanders

in Bangkok that the King had

taken the lead in bringing an end

to Wednesday's violence by as-

singing the army to take over. The

King has rarely—if ever—inter-

vened so openly in Thai politics,

but even as a constitutional

monarch he is held sacrosanct in

popular opinion. Among the

military he is summoned, the most

influential is General Kriangsak,

now number three in the ARC.

Navapol.

First open split appears among Thai army

BANGKOK, Oct. 11.

The King has become increasingly worried over the past year by what he considers increasing infiltration of the Press and student movements by Communists. A further fear was his belief in the growing regional influence of Vietnam.

Members of the civilian Cabinet that the ARC has

tried to appoint are expected to be drawn mainly from reformists among them conservative Right who have been cam-

paigned for a guided democracy in Thailand modelled on Lee Kuan Yew's regime in Singapore. Posts are also likely to be found for the ultra-Right such as

the quasi-fascist organisation Navapol.

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Western Australia needs more industrial expertise and capacity in a hurry. And if Western Australia's economic growth is not sufficient incentive, take a look at the markets on the east coast of Australia and the proximity of the markets in South East Asia and the Middle East.

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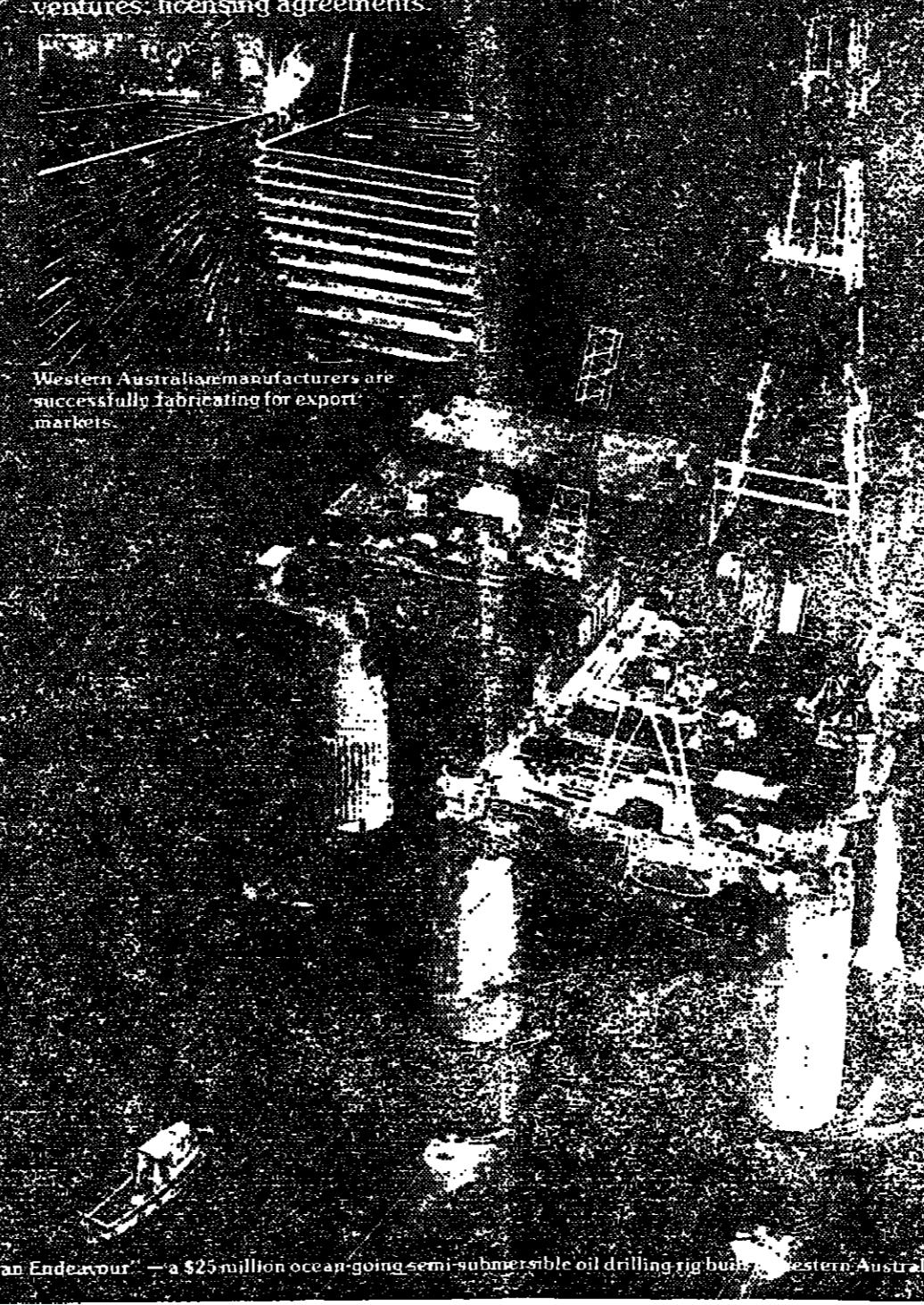
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WORLD TRADE NEWS

Iran gets special deal on Turkish transit fees

BY METIN MUNIR

IRAN has won a privileged status for its lorries traversing 64-kilometre/tourne that lorries Turkey entailing a reduction in of other countries pay. How the payment of transit dues, much less was not disclosed, nor official sources told the Financial the means whereby Turkey would be compensated.

It was officially announced on Saturday that Turkey and Iran Ankara during a four-day official visit by Mr. Anouchehr Taslimi, principle on the problem of Iran's Minister of Commerce, transit dues paid to Turkey by which ended on Saturday. The transiting Iranian lorries. The Turkish Ministers of Finance and Communications will visit Iran before the end of this month to sign a formal agreement, after which Iranian lorries will start on Iranian TIR lorries and benefit from their privileged reciprocal compensation of status.

Turkey imposed new and thus lost. Under this agreement, the last December in order, official sources said, Iranian lorries say, to obtain funds for repair.

U.K. air cargo traffic

BY LORNE BARLING

THE AVERAGE growth in the value of goods, it is admitted that it volume of exports carried by air is sometimes distorted by large over the past four months has single shipments. By value, air freight represented 17.4 per cent of U.K. exports in the first eight months of the year and 13.5 per cent of imports.

In terms of products, the only export item which consistently increased over the four month period was non-electric machinery which rose by an average 4.9 per cent a month. This represented more than a quarter of all exports carried by air.

• CIE Nationale Air France had received \$34m. from the French Government to finance part of the purchase price and spares of Boeing 747 jet.

Dutch importers take textile issue to court

BY MICHAEL VAN OS

A DUTCH association of clothing importers has agreed on a "test case" for court action before the end of this week against the Dutch Economics Ministry over the later's recent decision to stop issuing import licences governing a variety of clothing imports from Hong Kong.

An Economics Ministry spokesman in The Hague confirmed that the Ministry would have a meeting with representatives of the importers this week. But he added that registrations had shown that imports from Hong Kong had already reached the maximum import level for the full year at the start of this month — the quantities are laid down in the textile agreement between the EEC and Hong Kong.

In Amsterdam one of the members of the importers' organisation, Macao Knitters Benelux, said to-day that the "test case" involving a consignment of pullovers from Hong Kong, would be bought by one member of the association, but be financed by some 12 importers of clothing from the area. Macao said that registrations carried out by the involved official party in Hong Kong show that the quota for Holland, as part of the Benelux sub-agreement, had not yet been reached. The company's director, Mr. D. Speelman, added that the recent import move could cost the importers some F15.30m. (£1m.) as the clothing products involved had already been

ordered and paid commitments made.

Mr. Speelman said that this may have been a case of differing counting procedures by the local officials in the Dutch ports, since the Hong Kong authorities could prove that no additional quantities had been shipped in. However, what transpires, the Macao director added, is that Hong Kong products covered by German and British export licences have also been accepted in Holland by the Economics Ministry's central import and export service.

He added that the various EEC quotas were a negotiable product in Hong Kong and those for other partner countries may be cheaper at times, depending on supply/demand. Mr. Speelman added that part of his own shipments, governed by U.K. export licences from Hong Kong, have been sold off to the U.K. mean-white at a loss.

The Dutch Clothing Importers Association, which has called in the assistance of an opposition MP, has also charged that the import move smacked of certain political motivation, pointing at official trade union statements since that the moves to keep out cheap imports would aid the Dutch employment situation.

Macao stressed, however, that unlike the U.K. and Germany, Holland did not have any significant ready-made clothing industry that needed protecting.

Israeli nuclear projects

CONSTRUCTION of two nuclear power stations in Israel (and not one, as originally planned) moved one step nearer realisation yesterday when the Israeli cabinet backed the Minister of Commerce and Industry, in a proposal to authorise the Israel Electric Corporation to enter into commercial agreements with foreign companies for the acquisition of plants to make other parts for Daniel reports from Jerusalem.

Three companies have so far bid following the invitation to tender issued by the Government — Westinghouse, General Electric and Babcock and Wilcox.

The first station, with a capacity of 900 MGW, is to cost \$700m. at current prices and is to be located on the Mediterranean halfway between Ashdod and Ashkelon. It is also reported that Babcock and Wilcox have in recent days raised a proposal with the Government here for the construction in Israel of a plant for the production of nuclear fuel assemblies. This would copy a similar plant built by the company in the U.S. and would cost about \$65m.

Not only will this result in a substantial saving for the Israeli economy, but a Babcock and Wilcox executive, now here, also saw export possibilities for Israeli-made nuclear fuel assemblies once the local need has been met.

A second plant to make other parts for the nuclear reactors should also prove feasible and make Israel more independent in the field of producing nuclear electric energy, he said.

Rank Xerox in Yugoslav talks

Rank Xerox is investigating the possibility of producing under licence in Yugoslavia paper for its copying machines, our Belgrade correspondent reports. Preliminary contacts with Yugoslav paper mills have been established and further negotiations will take place shortly. It is not excluded that the co-operation could take the form of a joint venture.

Canada curbs textiles

The Canadian Government has imposed a limit of 4,575,000 lbs on imports of double-knit fabrics for a six-month period. Trade Minister Mr. Jean Chretien said the move is an interim action following recommendations of the Textile and Clothing Board, an advisory body to the Federal Government, which found in an inquiry that double-knit fabrics were being imported at prices and quantities that would harm domestic producers.

Korean car in Europe next year

Financial Times Reporter

HYUNDAI MOTOR, the South Korean car company headed by Mr. George Turnbull, formerly of British Leyland, is hoping to have its new Pony model on sale in Europe next year.

Ankara invited foreign governments to sign new highway agreements under the new toll system.

Many countries, including Britain, responded but Iran whose dependence on Turkish roads is heavier than that of any other state, refused.

Iran, which normally has exceptionally good relations with Turkey, was upset because several months before the new toll system came into effect the Shah had undertaken to give Turkey a loan of \$1.2bn. for communications improvement. The Shah froze the loan.

Official sources now say that the loan will be released enabling Turkey to implement major highway, railway and harbour improvement projects.

It is too early to determine how the deal reached with Iran will affect the position of other countries on Turkey's overall transit system. Iran was the second state to become an exception. Earlier Bulgaria had won "temporary" exemption from the transit fees after making life difficult for large numbers of Turkish migrant workers who use Bulgarian roads for travelling to and from their Common Market jobs.

This has led observers to conclude that Turkey is susceptible to pressure.

• South Korea told a visiting British business delegation that it will send a Korean economic mission to import machinery and other British goods to help correct the current trade imbalances against Britain, AP-DJ reports.

Korean exports to Britain in the first seven months of this year amounted to \$142m. against \$95m. of imports from Britain in the first six months of this year.

China looks cautiously at U.K.

BY COLINA McDougall

IRONICALLY, BRITAIN acts as they don't necessarily come back would have to look to the U.S. The Chinese like dealing with old friends and this tradition is well-established. Detection of mines in the earth may also mean activity in sphere.

At Farnborough it was the electronics and items like jet engines that interested them. Later this month another group is expected from the Chinese Mechanical Engineering Society to look at high tension electrical equipment, including cables and insulating materials. The Chinese make cables of their own, so presumably they want to come to see how others do it. This is not always popular with British manufacturers; indeed a proposed visit by a different group was cancelled because a leading company, afraid of eventual competition, did not wish to be involved.

They seem to have two very specific purposes — to get to know the British companies involved, and to see companies which make drilling and extraction equipment for offshore oil. While the Chinese have not done any business with British companies here yet, they do have some deals in the pipeline with parent U.S. companies. Although their oil industry seems to have lost some of the impetus it had a couple of years ago, they are still thinking in terms of future development.

Another significant group came last month to the Farnborough Air Show, interested in both aircraft and satellites. But although communicative about what might very friendly contacts were maintained, the Chinese seem unlikely to draw inferences from general to buy any major aircraft at present, at least, from Britain. They appear to be feeling a need delegations they ask to send, and for large transport aircraft, to what they ultimately buy. And the wake of July's earthquake of course when they have bought, at Tangshan, and for these they are believed to have quite large resources, they are of low quality.

Two other visits are expected to be more fertile. One is that due to the China Coal Society to look at hydraulic components for mining machinery. The fact that the delegation mining equipment sector has currently come and going.

British, a bright one for the iron, "iron" which has been sold in the past 24 years, among the economic bureau

Obscure

Sometimes the motive for the visit of a Chinese delegation is obscure. An aluminium process study group came recently from the Chinese Metal Society which looked at all kinds of treatment for the metal such as extrusion and casting. They also examined wire, cable and foil production, as well as end products like aircraft parts. But their own industry is in its infancy, and although they are believed to have quite

Some imaginative group in this area by British might pay off handsomely long run. Although it too German and Japanese, yet off negotiations to land contracts for steel mills, and the total for the deal well over \$425m.

Although the political situation in Peking may at present rather cool to foreign contacts, the fact that the delegation mining equipment sector has currently come and going.

British, a bright one for the iron, "iron" which has been sold in the past 24 years, among the economic bureau

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Thirteen versus the environmental planning machine

BY MICHAEL CASSELL

OPLE of Rutland Street, Sunderland, are about to lose that three homes which do not meet the necessary standards of habitability must also be demolished if the proposed landscaping is to have "an effective appearance."

The residents, some of whom are old and have spent many years in Rutland Street, have been told that the council will have no difficulty removing them and that they would be helped with the rent if they moved into council houses. For people like Mr. and Mrs. William Jones who have retired and own their own home, the prospect is intensely worrying.

The anger and frustration which they and others share is heightened by an awareness that many more houses all around them are being saved and improved, but in some cases only after massive public protest had brought about cancellations of demolition orders. Like his neighbours, Mr. Terry Allen, whose house is fit but still threatened, believes that their cause has been lost because it is a small street with only a handful of homes and because the council does not like having to reverse too many decisions.

Rutland Street is part of a housing development typical of a labour-controlled council which has an excellent case for removal. The homes, it is felt, are unfit for human habitation and anything spent on them would be a waste of public money.

The council's plan also means many in Sunderland or for that matter throughout the Tyne and Wear region. It has some of the drabness always (though not always correctly) associated with the north-east, with its well developed community spirit which breeds in the corner shops and back entrances and which is often missing from more attractive and modern housing estates elsewhere.

The street has been under a cloud since 1973 when the town planners began to take a look at the houses and would not be drawn on their "life expectation."

In November, 1974, on the recommendation of the director of public health, the houses on one side of the street were put under a compulsory purchase order and statutory notices appeared on doors and walls telling residents of their right to appeal. The homes had been classified as unfit; the only solution, the council said, was to clear them away.

Few of the residents have at any stage disputed that most of the homes involved are not in urgent need of repair and modernisation. But, like Mr. Robert Oakeshott, who bought his house shortly before it was condemned, they believe that the council's decision to demolish is wrong.

Rutland Street is part of a housing development typical of a labour-controlled council which has an excellent case for removal. The homes, it is felt, are unfit for human habitation and anything spent on them would be a waste of public money.

It is precisely what the Government is now anxious to stop, a view supported by a just in the North-East, but prominent local architect, and throughout the country. Mr. Oakeshott comments: "In a or young couples. The council place like Sunderland there is should consider restoring them now very little private housing and not replacing them with left at a price which ordinary trees and grass.

working class families can afford. On the other hand, they claimed, no overall plan for the Millfield area in which their houses stood and designation of the land as an open space was nothing more than an afterthought of the council's. As for the economic arguments, on which the local authority places most emphasis, the residents are convinced that renovation provides a much cheaper alternative than the provision of new housing and would give them the opportunity to stay where they are.

At the inquiry, the council's officers provided a figure of just over £4,000 per house for improvement and modernisation and accepted that this normally costs considerably less than redevelopment. They were not, however, convinced that the Rutland Street houses, once improved, would offer the same quality of accommodation as new homes and neither would they last as long. The public, in short, would not be getting value for money.

But despite the inspector's findings, the residents continued



Rutland Street residents: they want to stay in their street.

Terry Kirk

Rutland Street suggested that to build new homes from scratch would cost at least £12,000 each—the tender figure accepted for recent housing developments in the area and which was not challenged by the local authority.

But all was to no avail. The residents were not surprised when the report of the Department of the Environment inspector, released in January, upheld the council's decision. The inspector said he felt the cost of improvement would be "extremely high" that the accommodation was cramped, and that he did not consider that the cottages had any aesthetic merit.

The residents believe that they are falling victims to a bureaucratic machine which lies at the centre of many similar inquiries and the DoE feel that there is a strong element of the local authority telling them what is best for them.

As for Rutland Street, residents were told a few days ago that they had six weeks to appeal to a judge in chambers before the compulsory purchase orders became absolute. The only hope left is for a last minute change of heart in the full council which could ask the Minister to set aside the inspector's report.

The residents are aware that such a reversal has been achieved before, in neighbouring Newcastle. While far from optimistic, they still believe there is a slim chance of success. report stand.

The question what exactly constitutes "value for money" lies at the centre of many similar inquiries and the DoE feel that there is a strong element of the local authority telling them what is best for them.

No one could be tempted to describe the houses in question as pretty or, in the majority of cases, well maintained. Three years of planning blight is partially responsible for their sorry state, as the neatly-painted homes across the street can testify, but some expensive modernisation is necessary. The houses do need inside lavatories, new chimneys and repaired roofs—the sort of thing, the residents say, which are being provided elsewhere.

The council's case rests almost entirely on long-term economics, although the residents, having sought and obtained professional advice, do not believe that the town hall has made its case even on those grounds. The DoE also wants to ensure that, even when the economic argument falls in favour of the Renovation, they say, is economically correct and socially maintains a humane attitude in sound. They treat with understanding and respect the official affected by their plans. It is Whitehall line that existing only too well aware that the houses must be preserved and style of local housing management can easily become excessively bureaucratic—a criticism if the DoE was sufficiently concerned about their case to ask back at its own doors—and the council to think again, it through its housing services should not let the matter drop advisory unit the department is now in the face of local intransigence.

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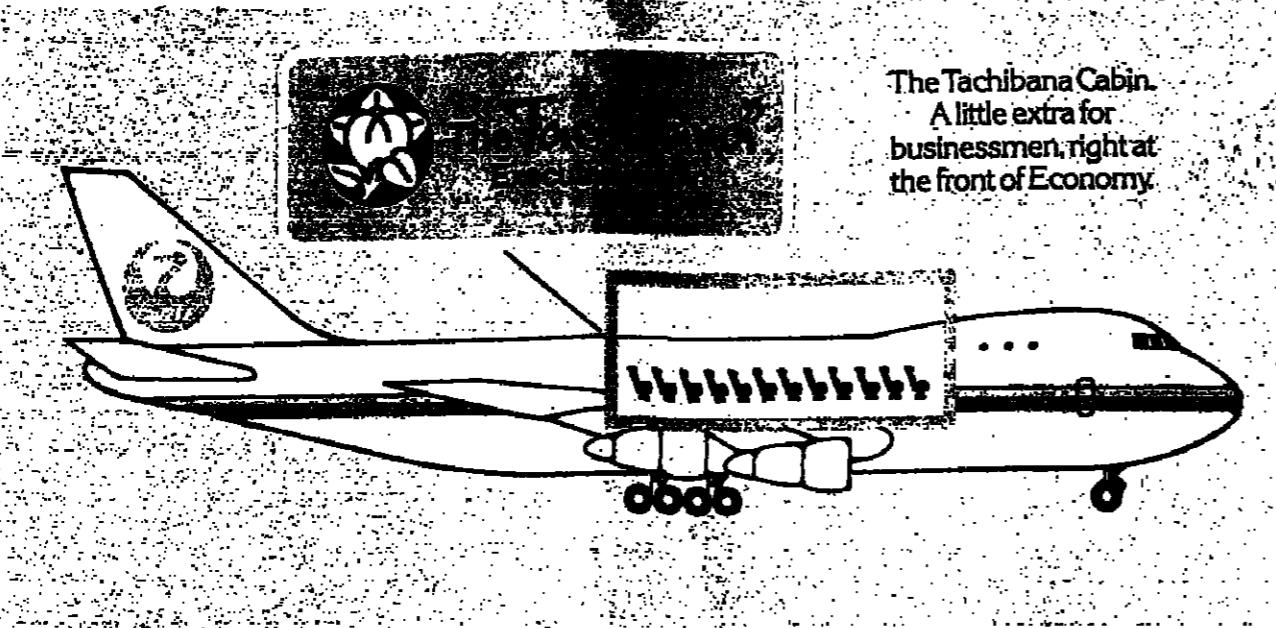


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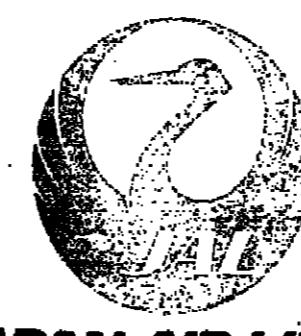
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HOME NEWS

GOVERNMENT WARNING AFTER BOY'S DEATH

Light bulb safety checks

BY MAX WILKINSON, INDUSTRIAL STAFF

RIGOROUS SAFETY checks have been ordered through the British lighting industry following a Government warning that some domestic light bulbs are potentially dangerous.

The warning was issued by the Department of Prices and Consumer Protection yesterday after the death of a two-year-old boy last week.

The boy was electrocuted by touching the metal cap of a Sceptre bulb imported from East Europe. The cap had become live because a wire protruding from the solder at the bottom of the bulb bent over and touched the outside metal.

Spot checks by the department have now shown the same fault can be found on almost every make of bulb, including those made in Britain.

Protruding wires have been reported on bulbs made by Osram, Tidylight, the Czechoslovakian brand name, Tesla and on Boots and British Home Stores branded bulbs.

"We hoped that no faulty

bulbs were getting through, but a check on 200 Tesla bulbs in out of a total production of 20m. gerous are eliminated by a Goole warehouse uncovered a year, it is obviously possible to check. The danger of three which were faulty, than some will not be noticed.

Checks on another consignment from East Europe showed a rate of three faulty bulbs, and our estimate of about one in 1,000 which were made is that is three too which could do so after

faulty many."

The department emphasized, however, that these examples can not be taken as a reliable index of the general rate of faulty lamps.

The risk from protruding wires has been recognised in the industry for nearly half a century, and most British manufacturers incorporate a series of mechanical, electrical and visual safety checks in the production line.

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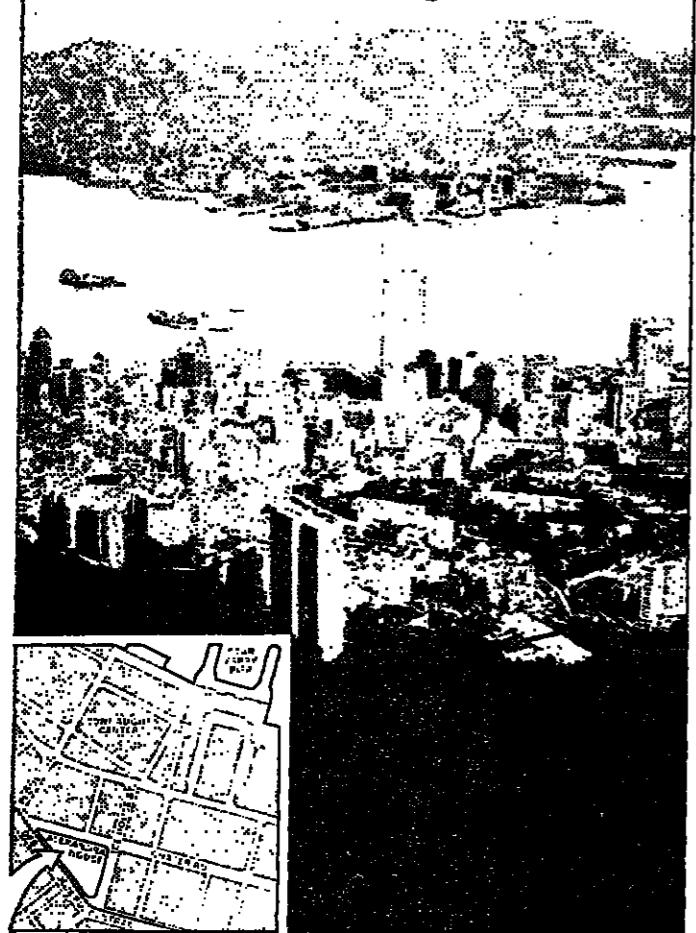
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Healey sees 'long and painful' road to economic balance

THE SOCIAL CONTRACT is the basis of Britain's hopes of recovery, Mr. Denis Healey, Chancellor of the Exchequer, said in the Commons yesterday.

Opening the emergency debate on the economy after MPs returned from the summer recess he said: "The social contract is not a 'fools' bargain.' It is the basis on which any hope of recovery must rest. Its achievements are of critical importance to the success of our industrial strategy."

Mr. Healey declared: "The evidence since July suggests that the real economy is developing in line with our strategic objectives." Public sector expenditure was levelling off and should fall in real terms next year.

A sharp rise in commodity prices and depreciation of the pound meant that the original inflation target of single figures by the end of the year was now out of reach.

There was an international dimension to controlling unemployment. We were still emerging from the deepest international recession since the war—but unemployment was now rising only very slowly, if at all.

Mr. Healey announced new savings certificates for small savers. These would have a value of £5 rising to £7 over four years. They would be on sale for a limited period—from December until the end of March.

Progress

There would also be increases in other National Savings interest figures, from January 1, 1977.

Mr. Healey said there was no alternative but the course on which the Government was now set, the "long and painful road" towards restoring balance in the economy and reversing the decline in manufacturing industry.

But if progress was to be maintained a further fall in living standards would have to be accepted, the Chancellor added. He sat down to cries of "Resign" from the Opposition benches.

Sir Geoffrey Howe, Shadow Chancellor, said it was the Chancellor himself, and not his critics, who had sapped confidence in the Labour administration.

"No one in this country and in the world outside any longer believes a word 'that the Chancellor says,'" Sir Geoffrey declared.

"In the last two and a half years, the Chancellor has not only devalued our currency, he has devalued the office of Chancellor as well."

Opening the debate, Mr. Healey admitted that "a sharp rise" in



Mr. Denis Healey, Chancellor of the Exchequer, arrives for yesterday's National Economic Development Council meeting.

commodity prices and the depreciation of the pound meant that in line with our strategic objectives the original inflation target of five per cent by the end of the year had been achieved.

Seasonally adjusted unemployment is to say that sterling is undervalued. Yet the foreign exchange market has so far not taken that view.

"We must live with the judgement of that market whether we like it or not."

Savings

In his statement about new savings certificates for small savers, Mr. Healey said the certificates would have a value of £5 rising to £7 over four years.

These are generous terms relating to present interest rates. The certificates will be on sale only for a limited period—from the issue in December to the end of March. "Maximum holding will be £1,500."

He added: "Rates of interest on National Savings Bank accounts will be increased from January 1, 1977. The rate on ordinary account will be increased from 4 per cent, to 5 per cent, and on investment accounts from 9 per cent to 10 per cent."

Mr. Healey said that in next year's Finance Bill he would

place a severe strain on the social contract and on the industry.

Tories shouted "hear, hear."

introduce provisions to make a when he added: "It is not surprising that some have begun amount of tax-free interest on the course on which the Government National Savings ordinary accounts and Trustees' Savings Bank ordinary departments from the first £40 to the first £50."

These "important improvements" should make a useful contribution to financing the public sector borrowing requirement and enable the small saver to share in the benefit from the general rise in interest rates.

Mr. Healey added: "The measures I took last week were necessary to validate the economic strategy I laid before the House in July. They should limit growth of money supply to the guidelines I announced in that statement."

But he admitted that interest rates at current levels were "not in any way pleasing to the Government."

He told MPs that "adjustments within the framework of policy which were needed would not be shirked." And if further difficulties arose, "we would not hesitate to take measures required to keep our strategy on course."

The success of the Government's economic policies depended on the preservation and development of the social contract, which had won "universal admiration from our friends abroad."

Mr. Healey also claimed the social contract had "transformed" industrial relations in Britain. Working days lost had dropped from 24m in 1972 to 6m in 1975.

One advantage of the depreciation of the pound was that it had given British industries an enormous advantage compared with competitors abroad.

"I don't deny that some of the adjustments we have made have only devasted our currency, but it has devasted the office of Chancellor as well."

The Government's failure to get public spending under control was now destroying jobs and the minimum lending rate had been raised to the highest level in the history of the Bank of England."

Tories shouted "hear, hear."

These were "selected

points upon which the Government has been asked to make a claim which was met with derision from the Opposition benches.

To make matters worse, he faced continual criticism from Labour Left-wingers who complained about the scale of public expenditure cuts and the proposal to phase out food subsidies.

Mrs. Sally Oppenheim, shadow Prices Secretary maintained that nobody believed anything the Government said any more, whether about inflation or anything else.

She accused Mr. Hattersley of indulging in euphoria about the country being on course but the journey taking a little longer.

As far as she was concerned, journey's end was just around the corner for the present Government.

The figures which the Opposition wrung out of Ministers did not help Mr. Hattersley's case.

Since Labour came to power in February 1974, the cost of living had gone up by 55.9 per cent, he conceded. The monthly increase in the retail price index last August was 1.4 per cent, giving an annual rate of 13.8 per cent, only half what the annual rate of increase had been at August, 1975.

The effect of this was rather spoiled, however, by the July figures, comparing Britain's rate of inflationary increase with those of our major overseas competitors. They were: U.K., 12.9 per cent; United States, 5.4 per cent; France, 9.4 per cent; West Germany, 4.1 per cent; Japan, 8.5 per cent.

A Government answer to the present situation there was an immutable economic effect of food subsidies.

He believed that the party's actions was 'working' in responding to this situation. But it would be a long time would elapse before they could claim the success hoped for.

A Government answer to the present situation there was an immutable economic effect of food subsidies.

The figures show that the sides give a current saving of food of 20p per week old age pensioner, an old age pensioner for a married couple with four children, and 9p for a couple with four children.

Mr. Dennis Skinner (Lab, Bolsover), a leading Left-winger, grumbled that many Labour backbenchers had been cajoled into supporting the 88 per cent in return for a promise that the Government would bring down the rate of inflation.

"Why is it that on the basis of making these concessions the trade unionists now have to suffer when the retention of these enormous increases in the cost of living?" he demanded.

Mr. Hattersley replied that in some elements of trade unionists and others had to expenditure.

He would want to know what the Government was proceeding to do.

He believed that the party's actions was 'working' in responding to this situation. But it would be a long time would elapse before they could claim the success hoped for.

Mr. Robert Maclean, Under-Secretary for Prices, said that the falling pound had helped to force up the price of fuel and materials.

He believed that the party's actions was 'working' in responding to this situation. But it would be a long time would elapse before they could claim the success hoped for.

He hoped to make an announcement at the end of the week or early next week.

Mr. Denis Canavan (Lab, Strabane) called for stricter price control of big business companies in response to particularity "in view of the needs of the nation."

Ennals plea to doctors

Mr. DAVID ENNALS, Social Services Secretary, yesterday called on doctors at Normansfield Hospital, Teddington, not to

repeat industrial action in support of their suspended colleague, Dr. Trevor Lavier.

He told the Commons that he and to improve the situation as quickly as possible.

He was confident that the South Normansfield Hospital, West Thames Regional Health Authority's inquiry, due to start this



Sir Geoffrey said this because the Chancellor could no other way to raise the he remained determined to spend and overborrow.

The Chancellor's "desperate attempt" to g

money supply under cont

Comparing the British rate of 16 per cent with other industrialised countries such as Japan at 8.4 per cent, Germany at 3.1 per cent, Switzerland at 2 per cent, Geoffrey said: "You can call it a crisis of capitalism.

"It is a crisis of a Government that has mismanaged economy in disastrous. As a result of the Government policies, stockpiling would

investment would be slow and high interest rates

destroy jobs.

These were "selected

points upon which the Government has been asked to make a claim which was met with derision from the Opposition benches.

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Value of debate sinks in brisk trading

PHILIP RAWSTORNE

POLITICAL exchange in the Commons yesterday sank marginally lower than of sterling.

Denis Healey's complaint was fully matched by Geoffrey Howe's incapacity the economic debate declined amid skirmishing in party points.

Government and the pound still afford such an easement; such an epic

Chancellor confessed the Government had estimated the scale of cut that had faced it in office. But the "real" was developing the lines of the Government's strategy and, after fall in living standards in the coming year, should to show results.

There might be further even difficulties but the Government would not blinch taking measures, how-

ever painful, to overcome them, he said.

Just as it had not flinched last week from taking action to deal with the effects of the foreign exchange markets on the, presumably, unreal economy.

"We must live with the judgment of the markets whether we like them or not," said Mr. Healey resignedly.

Their judgment had been that the money supply was increasing too fast and he had raised interest rates and applied for the 1976 year as a "dependent" if not in any way "pleasing" response.

Blasting Mr. Peter Tappell (Canterbury), for suggesting that the 1976 conditions might be even less pleasing, Mr. Healey said that these "adjustments" had placed a severe strain on the social contract.

"It is not surprising that some have begun to wonder whether the direction of our policy is right," he added.

But the "social contract is not a fool's bargain," he declared—and it was still the only basis for recovery.

Sir Geoffrey clearly did not think so—but had little success in presenting a convincing Tory alternative. "Drop the begging bowl and carry the can," he appealed to the Chancellor.

Because of its economic management, the Government had now imposed the most savage squeeze in history, he said.

Abandon socialism and cut public spending. That was the only way to regain national solvency and self-respect, he said. And create more unemployment, to be admitted to Mr. Eric Heffer.

"The Chancellor has continued as he means to begin," said Sir Geoffrey darkly, as with many a hesitation and stumbling over his words, he pressed home an attack before which the Labour benches collapsed in giggles.

Eligible projects may also qualify for loans at concessionary rates of interest or for interest relief grants towards capital expenditure other than on accommodation.

Incentives offered to service industries

By Donald Maclean

INCREASED FINANCIAL incentives for service industries to set up in assisted areas were announced yesterday by Mr. Alan Williams, Minister for Industry.

The incentives are:

1.—An increase from £800 to £1,500 in the fixed grant for each employee moving with his work, up to a total of half the jobs created in the areas.

2.—A grant of £1,000 in development areas and £1,500 in special development areas for each job created.

3.—Rent relief grants for office premises of up to three years in intermediate areas, five years in development areas and seven years in special development areas together with equivalent grants which "may be given" where premises are purchased or built by employers.

Eligible projects may also qualify for loans at concessionary rates of interest or for interest relief grants towards capital expenditure other than on accommodation.

Dubai: October 12

American Express Bank is pleased to announce the opening, today, of a new branch in Dubai, United Arab Emirates.

Dubai joins our established branches in Cairo and Bahrain and our affiliates, American Express Middle East Development Company, S.A.L. (Amédico) and Egyptian American Bank (49% owned), in providing commercial and merchant banking services in the Middle East.

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Roger Wallis, Manager Corporate Banking Department

Tory peers draw back from total opposition to aircraft takeover

JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

PEERS, with much regret, have saved from encapsulation the controversial Bill to nationalise the aircraft and shipbuilding industries.

Bill, being considered by its committee stage, had run the gauntlet of the Liberal opposition. But opposition unity down yesterday over a pro-Liberal amendment to the aircraft industry in the state takeover of the Bill.

Front benchers reluctantly decided that if the Lords persisted in a major amendment, they would be going beyond the bounds of constituency propriety.

Ministers were warned by Lord Hadley, Tory front spokesman, on the Bill, that its opponents would not be made considerable if it was the role of the Lords to act as a revising chamber, as Lord Carr suggested. Lord Carr suggested its would enable them to speak on the aircraft industry. But as

Liberals moving his party's amendment, argued that the Government included five different industries in the nationalisation measure.

Ministers should be prepared to justify their case in regard to each one of them, Lord Simon said. But he had not found the argument offered on the aircraft industry convincing when the Government presented the Bill on second reading.

Instead of nationalisation there should be a merger of a consortium of the main companies.

"If we pass this amendment now, we would remove them from the Bill and never give detailed consideration to the clauses," Lord Carr said.

He suggested instead that the Liberals should support a Tory amendment which would delay bringing the Bill into force until the next Parliament.

"This would be a more responsible move," said Lord Carr. "It would be more in tune with the status of the House of Lords as a revising and delaying chamber, rather than a chamber

which rejects major Government measures. That would give an opportunity for further reflection and another verdict by the electorate: 'Men running the industry now will still run it.'

A LITTLE COMPETITION FOR BRITISH INDUSTRY.

OVER £50 MILLION IN CASH TO BE AWARDED THIS YEAR.

The Republic of Ireland: True False 2. Its manufacturing capacity is small in keeping with Ireland's insignificant domestic market.

Ireland has the lowest industrial growth rate in the True False 4. Ireland's sole natural resource is grass.

True False

True False

We'll give you a hint: All the statements are false.

Don't blame yourself if you scored zero. Fifteen years ago your answers could have earned you full marks.

Meanwhile, industry has ousted agriculture as the Republic's mainstay of

jobs and income. Over half our industrial output is in high-technology projects for export. Our industrial expansion has consistently led EEC averages since we joined the Community. And, incidentally, our exports are

all growing at a 25% rate, despite the slump in world trade. We're sitting on one of the world's biggest zinc deposits: we are now developing our first off-shore gasfield.

Our government would like you to regard the Republic as an integral part of your company's future. British companies are invited to share in our government's £50 million annual aid for industrial expansion which includes generous non-repayable cash grants. You will enjoy tax-free profits until 1990.

Already over 600 overseas companies have taken up this offer to manufacture in Ireland for export. Over 200 of them are British.

Of course, you can decide to ignore all this. In which case, just hope your competitors will likewise.

REPUBLIC OF IRELAND.

The Irish government's generous scheme of financial incentives and concessions is administered by the Industrial Development Authority. The Authority's Director in the U.K. is Hugh Alston, 28 Bruton Street, London W1X 7DB. Telephone: (01) 499 6155.



HOME NEWS

Corner shops confident they will keep going

By ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

RATES, inflation and VAT are the main things worrying independent shopkeepers, according to a survey published to-day by the Manchester Business School.

Contrary to expectations, neither competition from the supermarkets belonging to the big groups, nor the new superstores was rated as a major problem by the 500 independent grocers interviewed.

The study part of a continuing project on retailing being carried out for the Department of the Environment, shows that, in spite of problems, the independent food retailers are relatively confident about surviving.

Though an estimated 10 per cent of small grocers' shops change hands every year, only 7 per cent of those interviewed thought that their shops would close when they retired, and nearly 80 per cent thought they would be able to sell the shops if they wanted.

In general, the survey showed that many people are still interested in running their grocery shops even without any previous experience of retailing and that there is a fairly rapid turnover of shops of this kind.

More than half of the respondents had been running their own shops for fewer than ten years and nearly 80 per cent of these had become involved in the retailing during that period.

On average, the shopkeepers had started shops at the age of 36 and over two-thirds had no experience at all in retailing before running their own business. Their backgrounds ranged from the full gamut of skilled and unskilled occupations.

More than half the shops surveyed were taken over by the present owner in the 1970s. Only 8 per cent were inherited and 80 per cent bought as a non-profit-making basis, drawing concern.

A third of the shops were self-service and 40 per cent were members of the voluntary buying groups such as VG and Spar. Nearly all made some use of cash and carry warehouses and a quarter bought 90 per cent or more of stock this way.

Only 12 per cent of the sample offered trading stamps and though nearly half the shops made deliveries, only 12 per cent of them delivered more than 10 per cent of sales. A similar picture is shown on credit sales which are often linked to home delivery.

Two-thirds of the shops opened for between 40 and 60 hours a week with the urban shops usually staying open much longer than the rural ones.

Nearly half opened on Sunday for at least five hours. Most of them employed two people and 70 per cent of the average shop's staff were members of the owners' family. Even in the larger shop, relations made up nearly half the staff.

The independent grocery retailer: characteristics and problems—a report of a survey From the Retail Outlets Research Units, Manchester Business School, Research Report No. 23: £3.00.

The new division has an annual turnover of about £3m. and the group expects this to be doubled over the next two years if the present rate of expansion is maintained.

The new division has been created by P. D. Pollution Control—a Powell Duffryn subsidiary.

—by merging the activities of Vac-All materials handling units worth over £2m. with more an order.

Industrial cleaning services merge

By JAMES MCDONALD

A NEW division has been formed within the Powell and Lines Plant Hire, Excavate and Transport, and Vac-All Plant Services.

Headquarters of the division will be at Bridgend with Mr. John D. G. Evans, managing director of Specialised (Industrial) Plant, as its chief executive. He has also joined the board of P. D. Pollution Control.

This link-up, Mr. Evans said yesterday, meant that "we can now call upon a large and varied fleet of modern industrial services equipment, operated nationwide by expert staff."

The division has a fleet of Vac-All materials handling units worth over £2m. with more an order.

British Steel adds another £10m. to European loan

By RAY PERMAN, SCOTTISH CORRESPONDENT

THE EUROPEAN Investment Bank, which is to hold a Board meeting in Scotland next week, is lending money virtually at cost to finance new investment in the backward regions of the Community.

Yesterday announced two loans to the British Steel Corporation totalling £10.25m.

The loans, both at 8 per cent, entered the EEC in 1972. Of a total lent to the BSC by the EEC and lending money to the British Steel Corporation regions of the Community.

Scotland has done disproportionately well since Britain entered the EEC in 1972. Of a total of £483m. lent in Britain, Scotland received £200m. (43 per cent).

Projects supported include power station construction, North Sea oil projects and general industrial investment.

The bank's directors will be met by Mr. Bruce Millan, Secretary for Scotland, and given an outline of the country's economic problems by the Scottish Economic Planning Department.

The European Investment Bank, set up in 1968, operates on a non-profit-making basis, drawing on a quarter bought 90 per cent or more of stock this way.

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The Management Page

major turnaround in the fortunes of the former European Airways has occurred despite poor economic conditions. Michael Donne reports

long-term strategy boosts profits

ONE of continuing UK. for the strategy was laid during quality—despite what some of recession, and a drop in late 1973, when steeply rising its passengers may think. "We costs and fuel shortages obliged re-defined all our standards to of Britain's business to achieve its flying be those the passenger wants to be able to achieve programme, and to persuade its from us," says Mr. Watts, "not the turnaround in its partners in Europe to do the what we think he should want affairs."

European Division of Airways (formerly British Airways), which the division's executive began our operation improved considerably, with 20 per cent fewer seats on offer, to ensure that the quality of an operating loss of working on the long-term plan with three main aims in mind, in the air and on the ground in 1974-75 and another 70m. in 1975-76, is now First, "to ensure that we range widely from bigger no longer an operating surplus £15m. for the current next to March with a turn-around in 1977-78, a turn-around of £20m. a year, and has been to next March. Secondly, to ensure that after the crisis, rising costs, ensure that nothing good is sacrificed in the short-term

The customer

nationalised industry, the public that most

before with a high com-

petitiveness, and in an in-

competitive business, espe-

cially sensitive labour

to achieve such a

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continuously in step with rising

costs, so as to ensure that every

European Division dis-

covers the magic formula from

to generate the revenue to

cover its costs. Inevitably, this

means raising fares, both at

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of the revival in its routes

"It has not been

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tactics to deal with national airlines for a wide

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THE FINANCIAL TIMES

(Established 1821)
Incorporating THE FINANCIAL NEWS
(Established 1860)

Head Office Editorial & Advertisement Office:
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Telephone Day & Night: 01-248 8000. Telegrams: Flumtimo, London
Telex: 886341/7, 882397

For Share Index and Business News Summary Ring: 01-246 8026

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TUESDAY, OCTOBER 12, 1976

Schizophrenic Chancellor

THE ONLY firm new announcement made for the sake of the trade unions, whose leaders are likely to find themselves in an increasingly difficult position about an improvement in National Savings terms. This over the months ahead. The make its contribution towards solving the Government's borrowing problems. It is sensible enough and may be social contract according to the Chancellor. Is the basis of the Government's whole strategy, it is, indeed, the basis of its political position—but voluntary pay restraint was going to come under increasingly greater pressure from rising prices and unemployment even before last week's measures. The outlook for both is now worse.

Price rises

It is indicative of some basic confusion in the Chancellor's thinking that he referred to the real economy being on the course laid down for it, as if there were a rigid distinction between the real and the money economy. Yet he recognised that measures succeed they may not last more than a short time. This is a suggestion which businessmen are clearly eager to accept, since, with uncertainty about interest rates added to uncertainty about inflation rates, it is all but impossible to take rational investment decisions. Yet it is doubtful whether, on reflection, they will find the suggestion helpful.

Investment

Certainly the Chancellor appeared in the debate to show some welcome signs of a new realism. Although he referred once again to the pound being undervalued, he admitted that one had to accept the verdict of the foreign exchange markets. He also gave an assurance that the Government would take whatever further measures were necessary to bring the situation under control. But there were no specific references to further and earlier cuts in public expenditure, which might have given the perplexed businessman some reason for hoping that industrial investment would be given the priority which it theoretically enjoys in the Government's economic strategy. This omission may well have

been made for the sake of the trade unions, whose leaders are likely to find themselves in an increasingly difficult position about an improvement in National Savings terms. This over the months ahead. The make its contribution towards solving the Government's borrowing problems. It is sensible enough and may be social contract according to the Chancellor. Is the basis of the Government's whole strategy, it is, indeed, the basis of its political position—but voluntary pay restraint was going to come under increasingly greater pressure from rising prices and unemployment even before last week's measures. The outlook for both is now worse.

The Japanese are also starting to operate a policy of "division of labour" between their manufacturers on export orders. This means that over half the international heavy electrical industry (outside North America) is now in a state of flux. Yet, as in so many past cases of British industrial restructuring, debate about the future of large companies—in this case parts of Raytheon Parsons and GEC—is being conducted in too exclusively national terms.

Public discussion has so far concentrated on the bleak outlook for home power station orders, plus the scope for improving exports in the face of intense competition. No one has suggested that it might be worth the Cabinet Think Tank considering a European link for each company, rather than going for the all-British merger which has been widely canvassed. Behind the scenes, there are also signs that insufficient attention has been given to the possible impact abroad of reorganisation. There are even indications that several of the people who will play a decisive role in reshaping the British industry were unaware of an impending French reorganisation, although it was widely reported in the early summer.

Energy crisis

The reasons for the British, French and Japanese chances are similar though their relative importance varies. Most obvious is the world-wide disruption of power station programmes caused by the 1973 energy crisis and the subsequent recession.

Environmental opposition to nuclear plants has also had an impact on several export markets, especially the U.S. In France the situation has been aggravated by inter-party and inter-company politics, but in every case the result has been overcapacity, either actual (as in Britain and Japan), or potential (as in France). All three countries' manufacturers have also been affected by the domino effect of power station cutbacks and of delays in West Germany, which have forced the German industry to fight all the harder for export business in those new overseas markets where it is still available.

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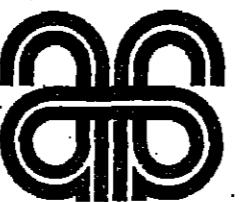
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(Subordinated to deposits and other liabilities)

Issue Price 100%

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Morgan Stanley International

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Banco Nacional del Lavoro	Banca della Svizzera Italiana	Banco di Santo Spirito	Banco di Santo Spirito
Bank of America International	The Bank of Bermuda, Limited	Bank für Gewerbe und Finanzierung (B.A.F.F.)	Bank für Gewerbe und Finanzierung (B.A.F.F.)
Bank Leu International Limited	Bankers Trust International Limited	Banque de l'Indochine et de Suez	Banque de l'Indochine et de Suez
Banque Bruxelles Lambert S.A.	Banque Française de Commerce Extérieur	Banque de Paris et des Pays-Bas	Banque de Paris et des Pays-Bas
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Bayerische Hypotheken- und Wechsel-Bank	Bayerische Vereinsbank	Job. Hirschberg, Gessler & Co.	Job. Hirschberg, Gessler & Co.
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Chase Manhattan Limited	Citicorp International Bank Limited	Commerzbank Aktiengesellschaft	Commerzbank Aktiengesellschaft
Continental Illinois Limited	Credit Commercial de France	Credit Industrial & Commercial	Credit Industrial & Commercial
Credit Italia	Credit Lyonnais	Credit Suisse White Weld Limited	Credit Suisse White Weld Limited
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Deutsche Bank Aktiengesellschaft		Deutsche Girozentrale-Deutsche Kommunalbank	Deutsche Girozentrale-Deutsche Kommunalbank
Dominion Securities Corporation Harris & Partners Limited	First Boston (Europe) Limited	Dresdner Bank Aktiengesellschaft	Dresdner Bank Aktiengesellschaft
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Girosuisse and Bank des Österreichischen Sparkassen Aktiengesellschaft	Hill Samuel & Co. Limited	Kammler-Oskar-Pankiki	Kammler-Oskar-Pankiki
Handelsbank N.V. (Overseas) Limited	Kjøbenhavns Handelsbank	Kleinwort, Benson Limited	Kleinwort, Benson Limited
Kidder, Peabody International Limited	Kreditbank S.A. Luxembourgeoise	Kuwait International Investors Co. s.a.r.l.	Kuwait International Investors Co. s.a.r.l.
Kreditbank N.V.	Lazard Brothers & Co. Limited	Lévesque, Beauchamp Inc.	Lévesque, Beauchamp Inc.
Kuwait Investment Company S.A.K.	McLeod, Young, Webb & Company Limited	Merrill Lynch International & Co.	Merrill Lynch International & Co.
Manufacturers Hanover Limited	Morgan Grenfell & Co. Limited	Merrill Lynch International & Co.	Merrill Lynch International & Co.
Samuel Montagu & Co. Limited	W. C. Pittfield & Company (London) Limited	Merkel, Thomassen Limited	Merkel, Thomassen Limited
Pierson, Hilding & Pierson N.V.	Richardson Securities of Canada	Pfleiderer	Pfleiderer
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Scandinaviska Enskilda Banken	Union de Banques Arabes et Françaises-U.B.A.F.	Svenska Handelsbanken	Svenska Handelsbanken
Swiss Bank Corporation (Overseas) Limited	J. Vontobel & Co.	S. G. Warburg & Co. Ltd.	S. G. Warburg & Co. Ltd.
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Westdeutsche Landesbank			

MINING NEWS

Union Miniere earning less

BY KENNETH MARSTON, MINING EDITOR

WHILE laying the foundations of capital would come from Peruvian future income as a mining source and 49 per cent from finance house, Belgium's Union Miniere has been suffering from a fall in the income from dividends and interest on its debts and interest on its debts, which three-quarters would go towards the construction of the mine and the balance towards roads, housing and other infrastructure.

The total investment necessary is put at \$800m. (\$481.2m.) of which three-quarters would go towards the construction of the mine and the balance towards roads, housing and other infrastructure.

The ore reserves are now estimated at 540m. tonnes, following a feasibility study conducted by Japanese, U.S. and Peruvian firms. Earlier estimates had put the reserves first at 300m. tonnes and then at 415m. tonnes.

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ARCTIC MINE IS
NEARLY READY

The Nanisivik lead-zinc-silver mine in the Canadian Arctic is on the verge of going into commercial production, according to the president of the majority shareholder, Mr. C. Franklin Agar of Canada's Northern Resources International. One is already being fed through the mill at Stratton Sound on Baffin Island.

The first concentrate production will be shipped out during the restricted shipping season next year, between July and the end of September. The mine is expected to have a life of 12 years with ore reserves of 6.87m. tons averaging 1.17 per cent zinc, 1.2 per cent lead and 1.8 ounces of silver a ton.

The orebody was originally found by Texas Gulf, who later sold their rights to MRI for an interest of 35 per cent in the net profits. MRI now has a stake of 59.5 per cent, with the Canadian Government holding 18 per cent in return for providing a port, roads and a town.

Metallgesellschaft of West Germany and BHP of the Netherlands both have long-term sales contracts for the lead and zinc in the equity. The project is costing \$80m. (\$37.2m.).

Proven reserves of the low-grade property are put at 12.5m. recoverable pounds of uranium oxide. Construction is scheduled to begin in January and to be completed in July 1978, the total cost being estimated in excess of \$30m. (\$16.8m.). Planned ore production is 2,000 tons per day.

A joint venture between Peruvian and Japanese interests is to be formed next February to develop Peru's Michiquillay copper deposits, 500 miles northwest of Lima. Making the announcement in Tokyo, the Peruvian Finance Minister, Mr. Luis Balbu said 51 per cent of the

Australian's Metramin Minerals, a minority partner in the recently opened Blue Sun gold-antimony mine in Western Australia, announces an operating loss of \$50,000. (\$27,200) for the year to the end of June. There was a further deficit of \$65,000. on an extraordinary item following the 1974-75. Metramin had an 11 per cent stake in Blue Sun's net earnings, rising to 17 per cent after the recompence of capital costs. The major partner is Australian Anglo American.

MINING BRIEFS

BISCHWANTZAPPEL: In output, 22.38 tonnes, Columbian, 28.64 tonnes, Eight months to date, 264.75 tonnes and 219.75 tonnes. Same period last year 219.28 and 265.71 tonnes.

GEEVOR TIN: September, 9,69 tonnes are treated produced 80 tonnes Black Tin (65 per cent Sn). (August 45 tonnes).

NOTTS MFG. OFFER
FOR GEORGE
SPENCER LAPSES

The offer on behalf of the Nottingham Manufacturing Company, for the Ordinary and Preference capital of George Spencer have lapsed.

Acceptances were received in respect of 156,322 Preference and 186,737 Ordinary shares of George Spencer. Nottingham, owned 887,274 Ordinary of George Spencer before the offer.

Alfredo Lovell's offer on behalf of Lovell's Manufacturing Company, for the Ordinary and Preference capital of George Spencer have lapsed.

The balance sheet shows assets of £3,302,012, with £3,000,000 and net current assets of £3,324,688 (£3,502,680).

The Financial Times Tuesday October 12 1976

Good start for

Parker Knoll

Mr. M. H. T. Jourdan, chairman of furnishing manufacturers and suppliers Parker Knoll, tells members in his annual statement for the year ended July 31, 1976, that the current year has started well, and although the company will face problems, the directors are confident that it is well equipped to handle them.

A strong balance sheet and modern buildings and machinery, coupled with a young and able management team in each division, provide a secure basis for growth within the present structure of the group, Mr. Jourdan says. In addition, the directors are active in seeking opportunities for extending the group's market and are in a position to take advantage of any situation that both fits the group's market image and adds to profit.

Turning to the year under review, Mr. Jourdan says that investment in productive capacity in the furniture and carpet factories was continued. The total sum now invested in capital projects over the year exceeds \$1m. together with what is planned for the current year, exceeds \$1m. These investments have been funded out of profits without detriment to the group's liquidity which increased very substantially in the last year.

The group's statement of source and application of funds shows the rise in liquidity during the year to be £1,022,000, from £862,000 in 1975. The net assets at the end of the year of £3,324,688 (£3,502,680).

The chairman says that the group is able to sustain its record of profitable growth, despite the evidence of more difficult market conditions.

The furniture division had a successful year, Mr. Jourdan says. Turnover and profits again set a record. In particular, export sales increased by 25 per cent. The overall market for carpets continued to be weak, but an extension of the Mac Weavers sales force generated very substantial increases in Mac Weavers capacity, which increased, and this will aid the division in future.

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Meeting, High Wycombe, November 4, at 12.30 p.m.

BIDS AND DEALS

MONOPOLIES PROBE CALL BY

H. MORRIS UNIONS

The outcome of a meeting last Friday between the Office of Fair Trading and the trade unions representing employees of crane manufacturers, Herbert Morris, who are joining the management in opposition to the take over bid by Babcock and Wilcox, was a call by the workforce for a reference to the Monopolies Commission.

The trade unions are particularly incensed by the Government's failure to enforce its recommendation that a provision be made for a 10 per cent increase in the pay of West German crane manufacturers.

Mr. Marshall points out that it needs acceptances in respect of at least 18.5 per cent of the outstanding shares before the offer can become unconditional.

In the event of the offer being accepted, Lovell's initial response to the offer was that it was acceptable. IFF would develop two companies side by side, and would maintain the existing management structure of Lovell's as far as is consistent with the enlarged operations.

Although in May Lovell's was faced with a number of acceptances in the current year (a total of 587,000 was incurred in 1975), Mr. Marshall says he is convinced that the long-term interests of Lovell's and its employees would be best served by joining a large group with greater commercial and financial strength. IFF is a member of the British Electric Traction group.

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HOME NEWS

Medical Council seeks cause of nerve disease

DICAL Research Council is mounting a major attack on Research Council attempts to break down the 16 research programme in terms of the 16 categories of the International Classification of Disease. It acknowledges that there are instances where a great deal could be accomplished with quite modest investment, and other problems which "in principle deserve more generous investment but at present offer no clues that will lead to scientific advance."

It stresses that support is being given only for work whose scientific merit is high enough, that which has "a reasonable chance of answering a significant and relevant question."

Annual Report of the Medical Research Council 1975/76, £0.75.

atest evidence suggests infections agent such as is the cause of the disease.

The council has engaged in the search for a new research policy based with the Health Department. It embraces clinical, immunological and social.

Review of current understanding of multiple sclerosis by the Medical Research Council has symptoms as blurred vision, muscle weakness or loss of coordination come out suddenly.

are caused by the disease, and the loss of nerve fibres allows the controlling brain to go astray.

symptoms may disappear perhaps permanently, some within days of recoveries and reappear, and, in time, chronic disease has a striking geographical distribution, tending common in tropical and subtropical countries but more, in temperate climates, as to this pattern suggests that low incidence linked to poor hygiene than the climate.

Report suggests an analogy with a disease where unhygienic conditions can favour early but mild infection, and hence a later in life.

which still await confirmation suggest that an antibody detected in virtually healthy people except contacts of patients is in victims.

Aluminium plant under repair

POWER facilities damaged by a fire at British Aluminium's Invergordon smelter in Scotland last month have been repaired, the company said yesterday.

Work has started on repairing smelting pots, 160 of which were put out of action by the fire, representing about half the plant's 100,000 tonnes a year capacity.

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YLO BARRATT SHOES LIMITED

Notice is hereby given of the appointment of Lloyds Bank Limited as Registrar.

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D. LLOYD HUGHES,
Secretary.

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INTERIM STATEMENT
Six months ended 30th June 1976

	6 months to 30.6.76 (Unaudited)	6 months to 30.6.75 (Unaudited)	Year 1975
over	3,655,710	2,884,088	6,283,004
before Taxation	394,482	88,714	152,477
Net Taxation	2,000	500	1,211
after Taxation	392,482	88,214	151,266
Tons	531,272	502,085	990,778

The Chairman's Review for the year 1975 a profit before tax of £152,477 was reported. The profit for first six months of 1976 unadjusted and before tax amounted to £394,482. This improvement in the it takes into account the increase in the internal of pyrites of 117.50 pesetas per tonne granted April 1976, the higher price and tonnage of exports the better revenue derived from the improved price of copper. It is feared that this rate of movement in prices and tonnages may not be maintained during the second half of the year.

is also reported in the Review that a proposal had presented by your Company to comply with the intention of the new Spanish Mining Law but I not yet anything further to report on this matter.

JAMES C. ROBERTSON,
Chairman

tered Office:
West George Street,
Glasgow, G2 2TF
September 1976

Research on cost burden of illness

THE DEPARTMENT of Health, a major contributor to the research budget of the Medical Research Council, has attempted to cost the different categories of illness in Britain in an effort to steer research funds into areas where they might have greatest effect.

In the current issue of the *Lancet*, Sir Douglas Black, chief scientist at the department, says the number of medical conditions accounting for 50 per cent. or more of the burden on health service was surprisingly small.

But the pattern his analysis reveals is not clear-cut, because the categories of illness used in the International Classification of Disease are so broad.

His analysis used five "indices of burden" — hospital bed occupancy, outpatient visits, consultations with family doctors, days of sickness benefit, and loss of life expectancy.

The number of conditions accounting for 50 per cent. or more of the burden ranged from three (for in-patient days and mortality) to nine (for GP consultations).

Mental diseases are high in every category other than mortality. Heart and blood-vessel diseases and cancers are major killers.

Neurological disorders account for nearly 10 per cent. of all outpatient referrals, but for only 2 per cent. of consultations with GPs. Bronchitis and asthma lead the list of causes for sickness absence but account for only 1.3 per cent. of hospital bed occupancy.

Sir Douglas also concludes that a list of primary diseases will conceal important secondary conditions such as the organic dementias. The importance of skin diseases is under-estimated by grouping some as "infectious."

Three in four pupils attend comprehensives

By Michael Dixon,
Education Correspondent

COMPREHENSIVE schools account for more than three-quarters of the children having State secondary schooling in England and Wales, according to provisional statistics for January, issued yesterday by the Department of Education and Science.

The figure of 75.6 per cent. compares with 69.7 per cent. for January last year and only 32 per cent. for January, 1970. Over the six-year period the number of State-maintained grammar schools south of the Border has dropped from 1,038 to 477.

Declining birthrates recently brought a fall of 51,200 in the number of children attending the State primary schools to a total of 5,045,400. The number of secondary schools rose by nearly 10,000 to 3,935,500.

Over the 12 months to last January the teaching force increased by about 9,000 to 444,800, permitting the number of pupils to each teacher to be reduced from 24.2 to 23.8 in primary schools and from 17.2 to 17.0 in secondary schools.

TV licence campaign

REVENUE FROM television licences is down 17.5m. because of licence evasion, Lord Harris, Home Office Minister said yesterday. He was launching a national anti-evasion campaign in Manchester.

He said that 850,000 people had not bought a television licence. Because of this the licence fee was higher than necessary.

OBITUARY

Mr. Arthur Anderson

MR. ARTHUR ANDERSON, former director of Unilever and chairman of UAC International from December, 1969, to his retirement last March, has died at the age of 60.

Educated at Watson's Boys College, Edinburgh and the Universities of Edinburgh and Glasgow, where he read modern languages, his career with Unilever began in Scotland, but he moved south and then spent some time with the soap, oil and margarine executives.

After war service, with the Royal Artillery, during which he was mentioned in despatches, he joined the United Africa Company (now UAC International) a subsidiary of Unilever. Mr. Anderson joined the Board in 1957, and became deputy chairman and joint managing director in 1968 and a director of Unilever in May, 1970. During his time as a director, UAC International went through changes in its structure and business activities in many countries where it operates, and the evolution into its present character continued during his term as chairman.

The realignment of the company's investment and operational policy to which he made an important contribution brought significant benefits.

Mr. Anderson leaves a wife, son and daughter.

Bid to fix Atlantic air fares in Geneva

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRLINES flying the North Atlantic will meet in Geneva on November 18 to try again to settle the level of fares to become effective next April 1.

Earlier attempts in Miami to reach a new fares agreement for the route failed, and the airlines adjourned for detailed talks in a bid to reach some common ground before the November session.

First, however, the airline presidents and chief executives will gather in Singapore early next month for the annual meeting of the International Air Transport Association. It seems likely that they will take that opportunity to discuss among themselves any problems they have, to smooth the way for the Geneva talks.

The Geneva meeting will have two aims — to try to simplify the fares structure by reducing the number of different fares offered to the precise levels of fares. The airlines will be seeking a better return on their investment

(they collectively lost over £300m. on the route last year) and will try to stave off the growth of charter competition.

As present, there is technically an "open rate" on the route, which means that no fares agreement applies,

although in practice the airlines are all charging the same rates, as approved by their governments.

One of their biggest problems is overcoming the fluctuations in exchange rates, and especially in the sterling rate against the dollar. At present, it is cheaper for a passenger to fly Concorde from London to Washington than it is for him to fly first-class, subsonically on the Pan Am from Washington to London, because of the depreciation of sterling.

The airlines try to mitigate the effects of this by introducing currency surcharges on sterling fares on various routes, but on the North Atlantic this is not possible because of the lack of an official IATA fares agreement.

At the end of last year, the announcement appears in letters of record only.

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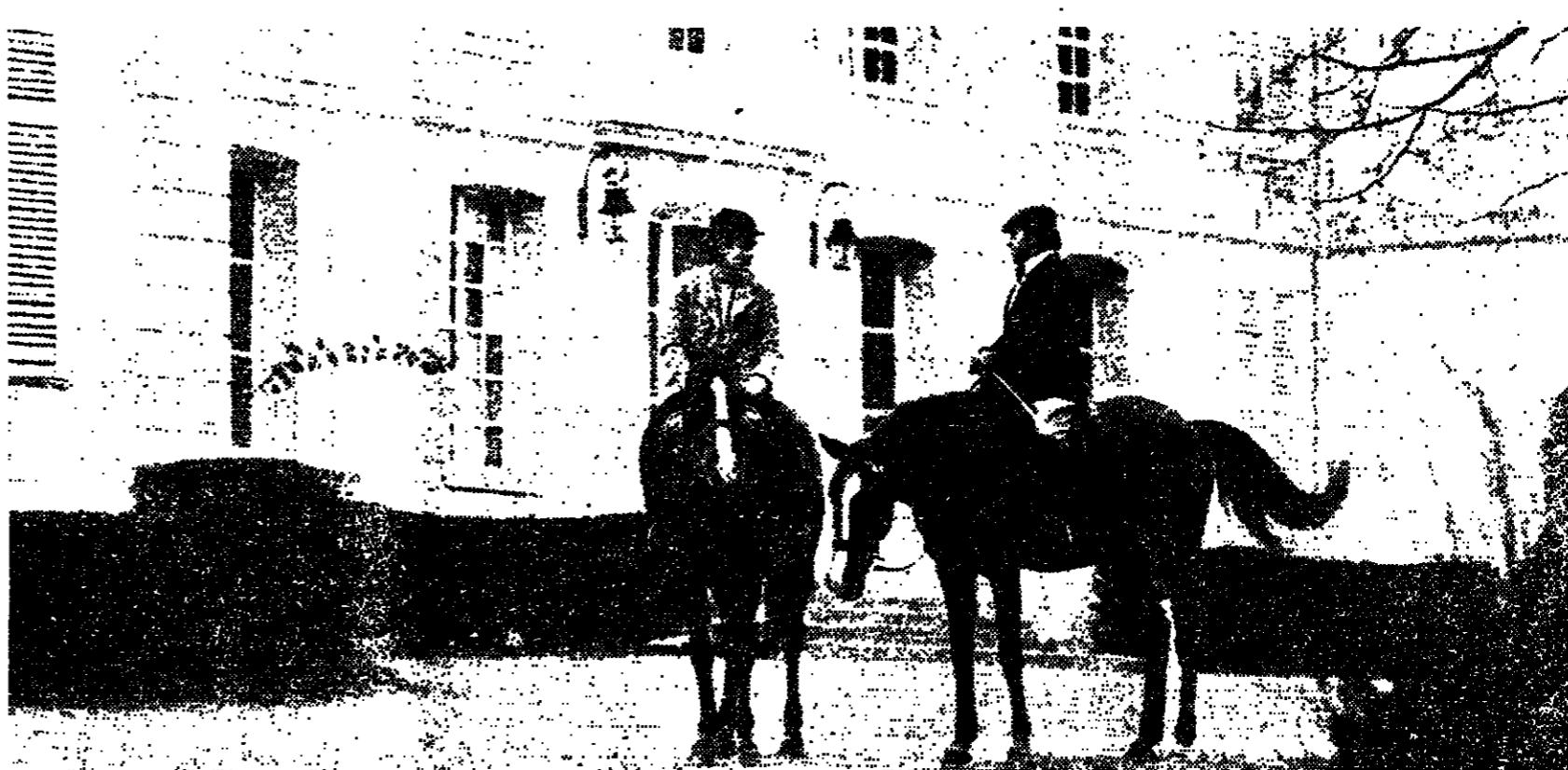
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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Thomson-Brandt announce sharp upgrading of sales and earnings forecast

BY DAVID CURRY

THE FRENCH electrical group that this year were permissible under interests' industrial investment Thomson which earlier this year the Government's austerity would amount to around gained an important stake in the programme. Fr.850m.

domestic telecommunications Thomson-Brandt a producer These interests will reduce market through the acquisition primarily of household electrical the proportion of revenue of majority interest in the goods, holds a controlling 50.3 coming from overseas. Thomson French subsidiaries of ITT and per cent stake in the electronics CSF into whose account the Swedish concern Ericsson and weapons concern Thomson acquisition will be consolidated has significantly upgraded its CSF. The acquisitions from ITT will see the proportion of over- and Ericsson part of a Government's sales come down from

1975 forecast. Whereas in May the company was talking about a 15 per cent. improvement in sales and a 30 per cent. profit upturn, the latest forecast by the president of the Thomson-Brandt parent company M. Michel Walhain looks forward to an 18 per cent. advance in turnover and an earnings figure proportionately even better.

In addition it is indicated that shareholders could look forward to a higher dividend provided

in the sector, brought the group 35 per cent. of the domestic telecommunications market. 37 per cent.

In terms of figures an 18 per cent. advance would push turnover up to around Fr.14.8bn. of which some Fr.8bn. would come from Thomson CSF.

Of the group total around 200m. Fr.8bn. should come from over system to go with the order for seas, a Fr.1bn. improvement on a high capacity system already

the previous year. Leaving promised for the start of next

the newly acquired year.

Sharp fall in SCA's profits

BY JOHN WALKER

THE PRE-TAX profits of Svenska Cellulosa (SCA) one of the leading pulp and paper groups in Sweden have dropped significantly during the first eight months of this year to Kr.31m. (24m.) compared with Kr.40m. in the corresponding period in

1975. This was achieved on an increased level of sales which amounted to Kr.2.5bn. (1.985m.) during the period under review, from Kr.444m. on sales of Kr.2.1bn. Kr.286m. last year against Kr.185m. this year.

In the annual report for 1975 it was forecast that the profit for 1978 would be as good as in the previous year. This presupposes that the business cycle would show a considerable improvement and that the company could increase prices for the main products during the second half

The interim report goes on to say that the rise in the business cycle has up to now been very slow and to-day it does not seem possible that the last four months of this year are going to show such a strong recovery as to enable the group to reach the 1975 figures.

In addition there is the lowering of the foreign currency rates, first the dollar and then the pound, which have had a negative effect on price levels in kronor for the company's products.

Elco foreign sales boost

BY L. DANIEL

TEL AVIV, Oct. 11.

THE BOOMING business being done by Israeli Electronics has been called for early November producers (who have doubled to consider an increase in their foreign sales so far this year) company's registered capital by compared with 1975) is reflected nearly 50.5m. to £2.32m.

Its pre-tax profits for the year chemicals—has received the approval of the stock exchange ended March 31, 1976, of £0.86m. in the preceding fiscal year of £1.5m. nominal value.

After-tax profits of £0.36m. rose by 56 per cent.

This will enable the company to pay an unchanged dividend of that on the Tel Aviv stock exchange of 12 per cent. in cash and of 15 per cent. in bonus shares. The company will now have to turnover increased by 70 per cent. to over £12.5m.

Rolinco warrant details

BY MICHAEL VAN OS

ROLINCO, the Dutch investment fund, has released details of its scheme giving shareholders warrants to buy Rolinco shares during a certain period at fixed prices. For every twenty shares in the company, there will be a warrant entitling them to buy one Rolinco share: in the period to August 31, 1977, at a price of Frs.140; to August 31, 1978, at Frs.150; and to August 31, 1979 at Frs.160. The shares closed in Amsterdam at Frs.183 to-day.

In contrast to the bourse price of Rolinco ordinary shares which the fund pointed out was virtually equal to the daily calculated intrinsic value, the bourse price of the option will be determined by supply and demand—and much more volatile, given its relatively low initial value.

Discussing what the option means for Rolinco shareholders, the company said that if every shareholder exercised his warrants at the same time, the price

PARIS, Oct. 11.

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the previous year. Leaving promised for the start of next

the newly acquired year.

Sharp fall in SCA's profits

STOCKHOLM, Oct. 11.

THE PRE-TAX profits of Svenska Cellulosa (SCA) one of the leading pulp and paper groups in Sweden have dropped significantly during the first eight months of this year to Kr.31m. (24m.) compared with Kr.40m. in the corresponding period in

1975. This was achieved on an increased level of sales which amounted to Kr.2.5bn. (1.985m.) during the period under review, from Kr.444m. on sales of Kr.2.1bn. Kr.286m. last year against Kr.185m. this year.

In the annual report for 1975 it was forecast that the profit for 1978 would be as good as in the previous year. This presupposes that the business cycle would show a considerable improvement and that the company could increase prices for the main products during the second half

The interim report goes on to say that the rise in the business cycle has up to now been very slow and to-day it does not seem possible that the last four months of this year are going to show such a strong recovery as to enable the group to reach the 1975 figures.

In addition there is the lowering of the foreign currency rates, first the dollar and then the pound, which have had a negative effect on price levels in kronor for the company's products.

Elco foreign sales boost

BY L. DANIEL

TEL AVIV, Oct. 11.

THE BOOMING business being done by Israeli Electronics has been called for early November producers (who have doubled to consider an increase in their foreign sales so far this year) company's registered capital by compared with 1975) is reflected nearly 50.5m. to £2.32m.

Its pre-tax profits for the year chemicals—has received the approval of the stock exchange ended March 31, 1976, of £0.86m. in the preceding fiscal year of £1.5m. nominal value.

After-tax profits of £0.36m. rose by 56 per cent.

This will enable the company to pay an unchanged dividend of that on the Tel Aviv stock exchange of 12 per cent. in cash and of 15 per cent. in bonus shares. The company will now have to turnover increased by 70 per cent. to over £12.5m.

Rolinco warrant details

BY MICHAEL VAN OS

ROLINCO, the Dutch investment fund, has released details of its scheme giving shareholders warrants to buy Rolinco shares during a certain period at fixed prices. For every twenty shares in the company, there will be a warrant entitling them to buy one Rolinco share: in the period to August 31, 1977, at a price of Frs.140; to August 31, 1978, at Frs.150; and to August 31, 1979 at Frs.160. The shares closed in Amsterdam at Frs.183 to-day.

In contrast to the bourse price of Rolinco ordinary shares which the fund pointed out was virtually equal to the daily calculated intrinsic value, the bourse price of the option will be determined by supply and demand—and much more volatile, given its relatively low initial value.

Discussing what the option means for Rolinco shareholders, the company said that if every shareholder exercised his warrants at the same time, the price

St. Kitts-Nevis sugar factory move

BY TONY COZIER

BRIDGETOWN.

THE Government of St. Kitts-Nevis is to start negotiations next month for the purchase of the Caribbean state's sole sugar factory which is owned by the British company of Henkell Dubilson and Co.

The Government has already taken over all sugar land on the island of St. Kitts and is preparing to buy the amount of compensation paid. A total of 20,000 acres was involved in the deal.

The factory which produced just over 30,000 tons last year was offered to the Government but there was no agreement on the price.

The company which produced the sugar for the St. Kitts-Nevis sugar factory move

award of an option right would have no effect. The forward pricing of Rolinco shares at a discount results in the value of the current Rolinco share declining slightly. It is explained that the decline in value will be about equal to the theoretical warrant value per share.

But the company emphasises that the non-Rolinco shareholder buying options at a price which is higher than the theoretical value of the option does this in the "by all means realistic supposition that the Rolinco share price will rise in the exercise period."

Directors of the two firms will meet this week to approve an Alsthom-Atlantique offer of two ordinary shares for every five Rateau ordinary shares he added.

At the present Alsthom-Atlantique share price of Frs.60, this makes the offer worth about Frs.2.8m., he said.

Rateau, an engineering company, made a 1975 net loss of Frs.8.4m. after tax, depreciation and provisions on a turnover of Frs.21.5m.

The company points out that the result included a gain of Fr.101m. on stocks as a result of higher prices so that the loss really amounts to Frs.118m. Because of the continued deterioration in profit margins, prospects for the second half are "moderate."

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U.S. FINANCIAL AND COMPANY NEWS

ITALIAN STOCK EXCHANGES

Uneasy truce for rivals

BY JAMES FORTH

A TASK of sweet co-operation that the major Australian exchanges — Sydney, Melbourne — present in the world, slipped recently, the parochialism of the rivalry that has always existed relations between exchanges. It could have been: at stake was too hard work to merge and in stock exchanges and national securities market.

reach has now been but it is still an uneasy to exchanges recognised to demonstrate a unified years ago after a senate committee report on the industry was released. A report, delivered into the boom, which collapsed and catalogued a long list of malpractices took place — often by brokers. The public image stock exchanges received during the report of the fragmented State, operating and of the securities industry and recommended the Government move into

which sets common listing requirements for companies.

Even this uniformity leaves to be desired as the interpretation and administration of the listing requirements often varies considerably from one exchange to another.

The exchanges however function as completely independent entities. Each has its own market, membership, rules and administration. Brokers wishing to operate on an interstate exchange at present must go through a member firm in that state, and split the brokerage. This method is obviously cumbersome, interferes with the establishment of a genuine national market, and undoubtedly adds to the costs which have put

ally go ahead and offer members of other exchanges access to its trading floors.

Before the scheme can be implemented the exchanges had to put the matter to their members and receive a 75 per cent vote in favour of the changes. Melbourne held a meeting in June and obtained an 85 per cent vote but Sydney, which initiated the merger talks, could only muster a 54 per cent vote. The major reason was that many of Sydney's smaller firms felt they would be squeezed out by Melbourne's big three brokers — Potter Partners, J. B. Were and Son, and A. C. Goode and Co.

Firms, which at present handle much of the agency work of the major Melbourne brokers, and

SYDNEY, Oct. 11.

market" the release said there would be three avenues of access to the Melbourne trading floor. Interstate members could simply become members of Melbourne exchange. Alternatively, the broking firms could be admitted as "associate member firms."

The third choice was for the interstate firm to be given a separate trading floor number and to operate through a Melbourne firm, which is virtually the existing method.

Melbourne's chairman, Mr. J. C. Johnston described the move as a significant and positive step towards development of a national market. "We believe it will also assist the continuing negotiations over closer co-operation between Sydney and Melbourne exchanges."

Sydney's chairman, Mr. John Valder, made no secret of his exchange's opposition to Melbourne's unilateral decision. Expressing "surprise and disappointment," he called on Melbourne to reconsider the joint proposals. He said Melbourne's action appeared to negate the very thing the exchanges had been working towards for the past two years. "We want a national operation of stock exchanges—not trying to cut each other's throats."

On October 7, after much behind the scenes discussions, Melbourne backed down. It called off its proposal and will once again work with Sydney on plans for joint entry to both exchanges' trading floors.

Behind the whole farcical

episode was the rivalry which has always existed between the two exchanges. Melbourne, rightly or wrongly, feels that it has been upstaged by Sydney on several occasions recently, notably Sydney's recent introduction of options trading based on the successful Chicago operation.

Melbourne saw a chance to unstage Sydney or at least to protect itself from being upstaged again. If sanity does not prevail, the exchanges are virtually inviting outside intervention.

We want a national operation of stock exchanges—not trying to cut each other's throats . . .

A long gestation period

Commonwealth and the two now agreed to co-operate in regulating companies and securities industry, and should be passed will include the establishment of a National Corporation Securities Commission.

Commission in the

State exchanges virtually

achieved a merger of the

State exchanges — often

by a national stock

market. At present

in each State has

independently

stock exchange.

Trading under the new scheme

was expected to begin by the end

of the year or early 1977. But

the whole delicate business was

endangered by Melbourne, which

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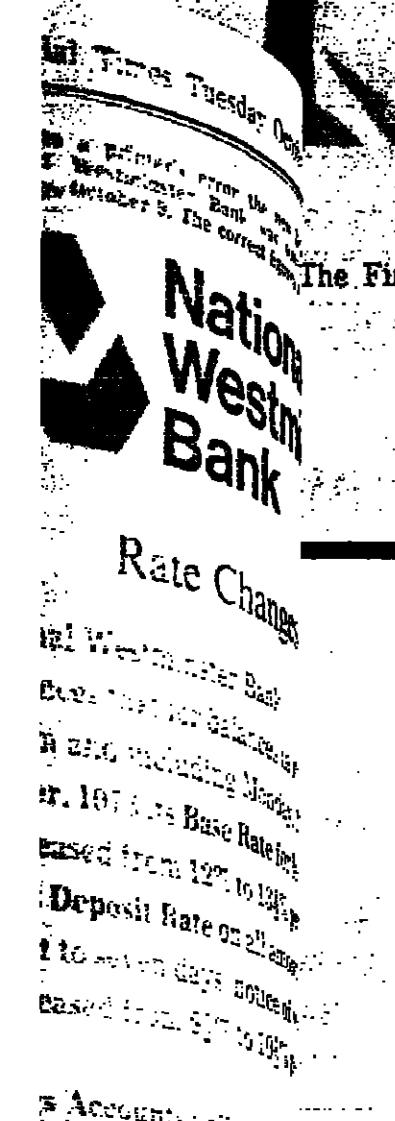
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and small, office equipment, etc.

Others: Draughtsmen's stands,

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John Edwards

Editor

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FINANCIAL TIMES REPORT

Tuesday October 12 1976

Coffee

Coffee is one of the world's leading soft beverages. In Britain, traditionally a tea-drinking nation, consumption has risen rapidly since the war, helped by the introduction of instant coffee. But recently there has been a quite shattering price explosion, putting big question marks over future demand.

Many outside observers tend to scoff at the idea of frost in Brazil, normally associated in people's minds with the hot and dusty image of South America. But the fact remains that while the Northern Hemisphere normally enjoys its warmest period of summer in June to August, Brazil—and in particular the main coffee growing state of Parana—is vulnerable to very cold weather, and frost just at a time when the coffee crop for the following year is in a delicate state of development.

Frost has hit Brazil's coffee crop many times in the past. But the 1975 frost must be among the worst ever suffered. Some more statistics illustrate just what a disaster the 1975 frost was for Brazilian production. It virtually wiped out the 1976-77 crop in Parana, affecting virtually all the 915m. trees. In Sao Paulo 66 per cent. of its 800m. trees were hit, while in the Mato Grosso 20 per cent. of its 55m. trees were affected.

Only southern Minas Gerais escaped fairly lightly with less than 30m. out of over 290m. trees being damaged. The result is that the 1976-77 crop just harvested is very sharply down indeed compared with previous years. Estimates of the crop still vary widely from between 5.5m. bags (60 kilos) forecast by local coffee farmers, to 6.4m. bags suggested by the Brazilian Coffee Institute, 7.5m. by the Commonwealth Secretariat, and 8.5m. bags predicted by the U.S. Department of Agriculture. Whichever figure turns out to be correct, it is still a disaster when compared with crops of

22.2m. bags in 1975-76, and 27.5m. bags in 1974-75.

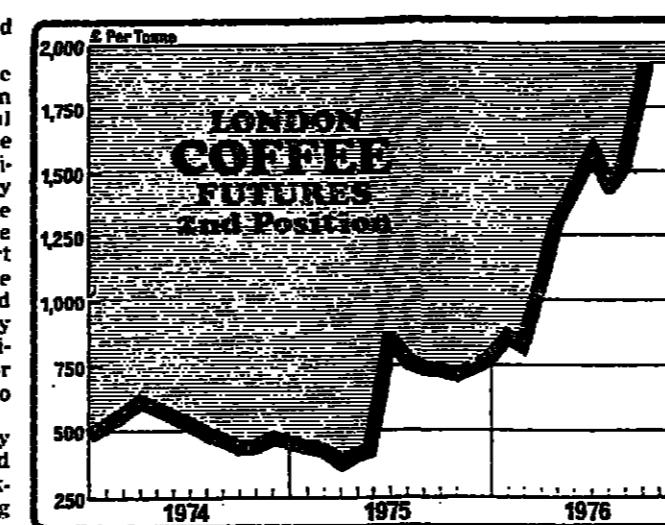
What is more, it will take some time before Brazil can restore production to normal levels—frosts permitting in the meantime—despite the expenditure of large sums allocated by the Government to restore the fortunes of what at one time used to be its dominant export earner. The future of coffee output in Brazil is threatened not only by frosts, but also by rivalry from other crops, particularly soyabean, competing for the attentions of farmers who previously relied on coffee.

As a result Brazil has actually become a buyer on world markets in recent months, seeking supplies for its growing soluble coffee manufacturing industry, and to take the pressure off its domestic market, while boosting export returns from the world market.

Surplus

However, the size of the price explosion in the past year is not only attributable to Brazil. The impact of frost-damaged Brazilian crops in the past has been lessened by the use of big surplus stocks, held in Brazil, and by increased supplies from other producing countries eager to gain a bigger share of the world market.

Before the extent of the Brazilian frost damage was fully appreciated, it was estimated that the release of surplus stocks and increased production elsewhere, plus a fall in demand, would help ride out the shortage situation as in the past to be the point at which stocks



Because of this forward buying by both European and U.S. buyers, there is a natural quota and stocks verification of coffee does not so far show popular vending machines and ledges that it will not be much reaction to the higher price levels. The U.S. Department of Agriculture, for example, in its latest estimate of the world supply-demand position forecast a drop of only 5 per cent in consumption during the 1976-77 season.

The effect on real consumer demand may be more difficult to estimate. As mentioned previously, the true rise in the price of green coffee has yet to hit the consumer with its full force because of the long supply distribution pipeline and the general reluctance to put up prices too quickly.

But it must happen in the not too distant future. Coffee on the retail shelf is very much more affected by the cost of the raw material than other products, where packaging and labour are equally dominant factors in the final retail price.

It was calculated recently that the raw material price of coffee in Britain accounted for some 80 per cent. of the retail price, and with the rise in green coffee prices this percentage might even have subsequently increased. So it would be extremely difficult for the roasters to hold prices artificially low for too long in the hopes of avoiding long-term damage to consumption trends.

In the U.S. too, the \$1 a pound mark, considered in the hedge against the fall in the pound, was the double incentive of advantages working in its favour in the modern world, where convenience to consumers can be an important influence in over-

coming consumer resistance to elaborate systems of export quotas and stocks verification. The function of the agreement is mainly to collect and collate information on market trends in preparation for the time when it may be required to resume its previous role for controlling prices and supplies. But when that time comes the price levels, and size of export quotas, may be much more difficult to negotiate.

Meanwhile, the coffee futures markets in London and New York have been enjoying boom times, with record turnover as a result of increased interest from the trade and activity from speculators.

The London Robusta market has gone from strength to strength, although moves to introduce a Mild Arabica contract in London appear to have failed, with the market failing to attract support at a time when interest in coffee futures has been set at its most intense for many years. In New York, however, the contract introduced several years ago has proved a resounding success, encouraged by a wave of speculative support often bringing price changes that bewilder traders in the physical market actually buying or selling coffee.

It is generally recognised that the new agreement will not be justified, even taking into account sterling and inflation." This is a question that is likely to overshadow the world coffee trade more and more in the months ahead.

Example

A complete range of coffees from Nescafé.

Now there are 5 coffees good enough to be called Nescafé. This is a complete range developed to meet the different tastes of everyone who appreciates good coffee.

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the flavour of the very best ground coffee.

Freeze-dried Blend 37* continues to set the standard for people who are devoted to the strong, dark coffees of the continent. And for those who prefer mildness with true coffee flavour, there's our gently roasted Fine Blend*.

The flagship is, of course, Nescafé. It's been the most popular instant coffee in the world for so long that, when most people want a 'Lovely Cup' of coffee they just say 'Nescafé.'



Nescafé, Nescafé Gold Blend and Blend 37 are registered trade marks to designate Nestle's instant coffees.

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Sampling coffee in a Rotterdam warehouse used by McGregor Cory, a British company in the trade.

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ACLI
INTERNATIONAL

WORLD COFFEE PRODUCTION

(m. 60-kilo bags)

	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75*	1975-76*	1976
Brazil	20.6	18.7	24.6	23.5	14.3	27.5	22.2	7
Colombia	8.5	7.8	6.5	8.9	8.0	9.0	8.5	8
Ivory Coast	4.7	4.0	4.5	5.0	3.2	4.5	4.8	4
Angola	3.6	3.4	3.8	2.8	3.2	3.0	1.0	1
Uganda	3.3	3.2	3.1	3.8	3.2	1.0	2.8	2
Ethiopia	3.0	2.6	2.3	2.6	2.2	2.5	2.5	2
Others	26.4	26.4	28.4	30.3	28.9	31.5	30.2	32
Total	70.1	60.1	73.2	77.9	63.0	81.0	72.0	80

* Estimated. † Forecast.

Source: Commonwealth Secretariat, Tropical Products Quarterly

tion of Angola, where the war has led to serious labour difficulties.

The latest USDA assessment puts the total world coffee crop for 1976-77 at 62.1m. bags, an increase of 1.6m. from its previous forecast. It bases the increase on upward revisions in estimates for several South American countries and for the Ivory Coast. Global export availability

from the current crop is estimated at 44.7m. bags and since normal world export demand is around 55m. bags this would leave a big gap.

The USDA estimates 1975-76 world coffee output at 72.8m. bags, with export availability at 54.2m.

Apart from Brazil, trade sources say that Colombian 1976-77 crop prospects are "confusing," with forecasts ranging between 8m. and 8.5m. bags. Central American crops are expected to be below normal because of drought but African output figures should be about normal—with the notable exception of Ethiopia.

Longer term output prospects are equally uncertain. Factors such as the rate and scale of Brazil's regeneration of production, the degree to which other producers attempt to fill the gap (attracted by record prices) and the possibility of further natural disasters all have to be borne in mind.

The IBC claims Brazil will be well on the way to a 24m. bag crop within a few years and has repeatedly warned other producers of the dire consequences of overtly increasing their own production. But this figure may prove difficult to attain, especially as some meteorologists suggest the recent unhelpful Brazilian weather is not just a temporary climatic aberration. In addition such doubts may discourage former growers from replanting coffee—many have already decided to switch to safer annual crops such as soybean.

The best prospects for production increases outside Brazil appear to be in Africa. But political and social problems there present major barriers to growth. Possibly the strongest African growth prospect area is Ethiopia, where current exports of a little over 1m. bags a year could be expanded to around 2m.—according to some experts—if only its serious transport and organisational problems could be solved.

Richard Mooney

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COFFEE III

Signs of a pause in U.K. sales

THE British consumer means instant coffee. The soluble variety was added to this country in the way of the armed forces. The British have been using their consumption of instant coffee, which has relatively recently been cut by price. To-day over 90 per cent of all the coffee in this country is instant. The market is worth £130m. Prices—not much less in the market for its main

70m. cups are drunk daily and though tea still supreme, the gap between tea and coffee has narrowed considerably over the years. At one time the British were drinking seven cups of tea every one of coffee. Now they are drinking only three and a half cups of tea to one of coffee. A mid-morning tea-break has transformed into an instant coffee break.

The question now must be: will the British switch to coffee in the unprecedented price increases?

whether coffee has now reached a saturation point on the market. So far this demand has held up better than expected despite a 50 per cent increase in the retail price of instant coffee. Even so, it is expected to be down for the whole of the year. And it will be the first sustained demand since coffee was sold commercially in this country.

He 1950s demand raced as a generation of teenagers who had started drinking coffee in coffee-bars began serving at home. Annual increases of well over 20 per cent between 1950 and 1960—when Nescafé—the powdered coffee sold in this country—became a staple item. By 1960 Nescafé was joined by General Foods' Maxwell House. Supermarkets had started selling coffee under their own labels as well.

growth continued in the though the rate of increase was down to 1 per cent a year by 1969. The market had become more fragmented with the introduction of freeze-dried coffee in 1965—a fragmentation has continued to the as the major manufacturers have looked for ways of getting sales back from their own-label products.

Rather to their surprise demand held up well in the first months of 1976. Possibly because housewives were themselves stockpiling in anticipation of further price rises, increases of between 6 and 7 per cent on the previous year were recorded during the spring. But in the summer the market went into reverse. The combination of hot weather and price rises led to a drop in consumption in the middle of the year of around 8 per cent.

Since then sales have picked up again with further price increases in the pipeline. It seems unlikely they will recover though with the Government's subsidy on tea reduced, the price increases on coffee are to some extent being matched by higher tea prices.

Already this year, the cost of a four-ounce jar of Nescafé has risen from 40p to nearer 60p, with 10p being put on the price in one increase alone in January. Another 10p or 12p is expected to be put on before the end of the year, and given the present state of the world coffee market, it seems highly unlikely that this will be the end of the increases.

In this situation it is not surprising that all the major manufacturers are going all out on advertising and promotion in a bid to capture a good share of the market.

In 1976 volume again increased by 9 per cent, but in expecting to spend £1m. in last four months of this year the growth slowed to 2 per cent. The market recovered again the following year but in 1972, when the price again increased—rather unfortunately the in Boud is continuing to promote its Brazilian Blend heavily and is putting a lot of money below the line in an attempt to undercut both its branded competitors and the own-label instant coffee manufacturers are expecting a decline between coffee sales.

The cheaper end of the instant

market could well be the growth area next year if housewives trade down to blunt the effect of the price rises. Once the winners in this situation would have been largely the own-label brands, but as a result of the fragmentation which has taken place in the market, all the major manufacturers are now represented in this sector.

In 1972 both Nestlé and General Foods launched "mild" brands pitched at a slightly lower price than the two biggest selling brands, Nescafé and Maxwell House. Then two years ago Brooke Bond, which had previously had a rather difficult time in the coffee market with its Crown Cut brand, launched Brazilian Blend to try to fill what it thought was a gap in the market below the established brands in terms of price.

Partly as a result of heavy price cutting, Brooke Bond has managed to get about 7 per cent of the total instant coffee market. Though this is a relatively small share when compared to Nestlé's 40 per cent slice and General Food's 21 per cent, it demonstrated that there was room for a cheaper branded coffee selling along with the retailers' own brands which currently take about 31 per cent of the market.

Elinor Goodman

Trade campaign needed to bolster demand

WEEK put the final Italy and West Germany, and on five long years of in the Scandinavian area as well. The explanation for this is that the price of coffee has risen in comparison with all the other items in her shopping basket which also are costing her more.

In the U.S., however, where inflationary tendencies are much lower, there is a distinct fall-off in demand which has the National Coffee Association of America (NCA) much concerned.

Coffee, like alcoholic beverages or soft drinks, is distinctly a social beverage. Unlike cocoa, and more like tea, it gets you off to a good day's work, helps to fill a break in working hours, rounds off a good meal or helps a discussion group to air its views.

Should these social patterns change, and they seem to be changing among the younger age groups in the U.S., the new danger is apparent.

Obviously, this danger calls for promotional counter-attack.

The difficulty is to decide what kind of promotion is needed.

Were coffee cheap, it would be a simple matter. But it is not what more, it is getting dearer.

Before the Brazilian frost, according to a survey of the U.S. Coffee Council, for at least six months the price of a vacuum-packed pound of roasted coffee in American supermarkets cost \$1.25. Twelve months later, after the frost, it cost, in August this year, \$2.01.

A jar containing 6 ounces of instant coffee rose in the same period from \$1.57 to \$2.07, and

the price of all manufactured and consumer goods to suit demand for coffee to be on the increase. It is the case for the EEC. It must be remembered that American producers demand for

the coming year was set at 55m. bags at the most. This figure falls in line with the average for the six years given above.

What final demand is likely to be depends on how far prices rise and, at the best, the coffee trade hopes to retain its present volume rather than hope that coffee consumption and, therefore, demand will increase. But to maintain this level of demand a vigorous promotion campaign seems necessary.

The main danger to the coffee industry comes from the soft drink area, where much money and time is spent on promoting and advertising the product.

It is soft drinks, especially in summer, that the younger age groups are turning, especially the 18 to 25 group and even the 25 to 32 group.

To convince the housewife that in real terms coffee is still cheap seems a hopeless task.

Promotion would have to be

of a more subtle nature and

must go further, aiming at the day when the shortage is over and coffee again becomes abundant.

In other words it must aim at holding present demand levels rather than increasing them.

Television and newspaper

advertising are still the vehicles

for generic advertising. The ICO

will have \$26m. in the next two

years to help such efforts.

But the trade in individual importers also must pitch in

with at least an equal amount.

It is no good expecting the

producers to foot the bill because

prices are high and they are

making money. The importers,

roasters and distributors are

much nearer to the market and

closer to the housewife's re-

actions than are growers in

distant lands.

Leonard Kirschen

Volkart Brothers Inc., New York, USA

Volkart Irmãos Ltda., Santos

Brasil

Volkart Hermanos de Mexico S.A. de C.V., Mexico City

Mexico

Volkart Japan Limited, Osaka

Japan

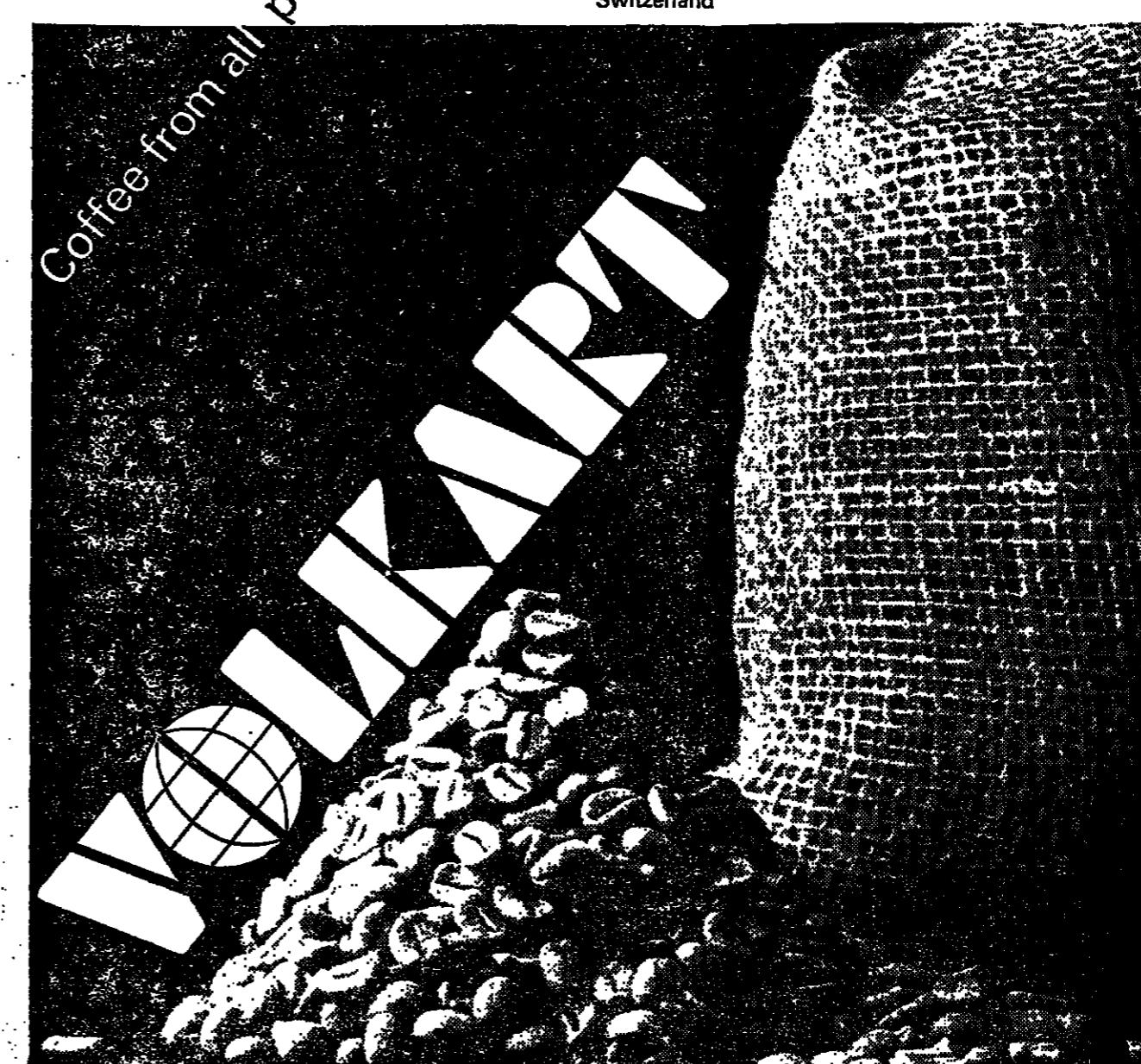
Associated Companies in Costa Rica and Guatemala

VOLKART

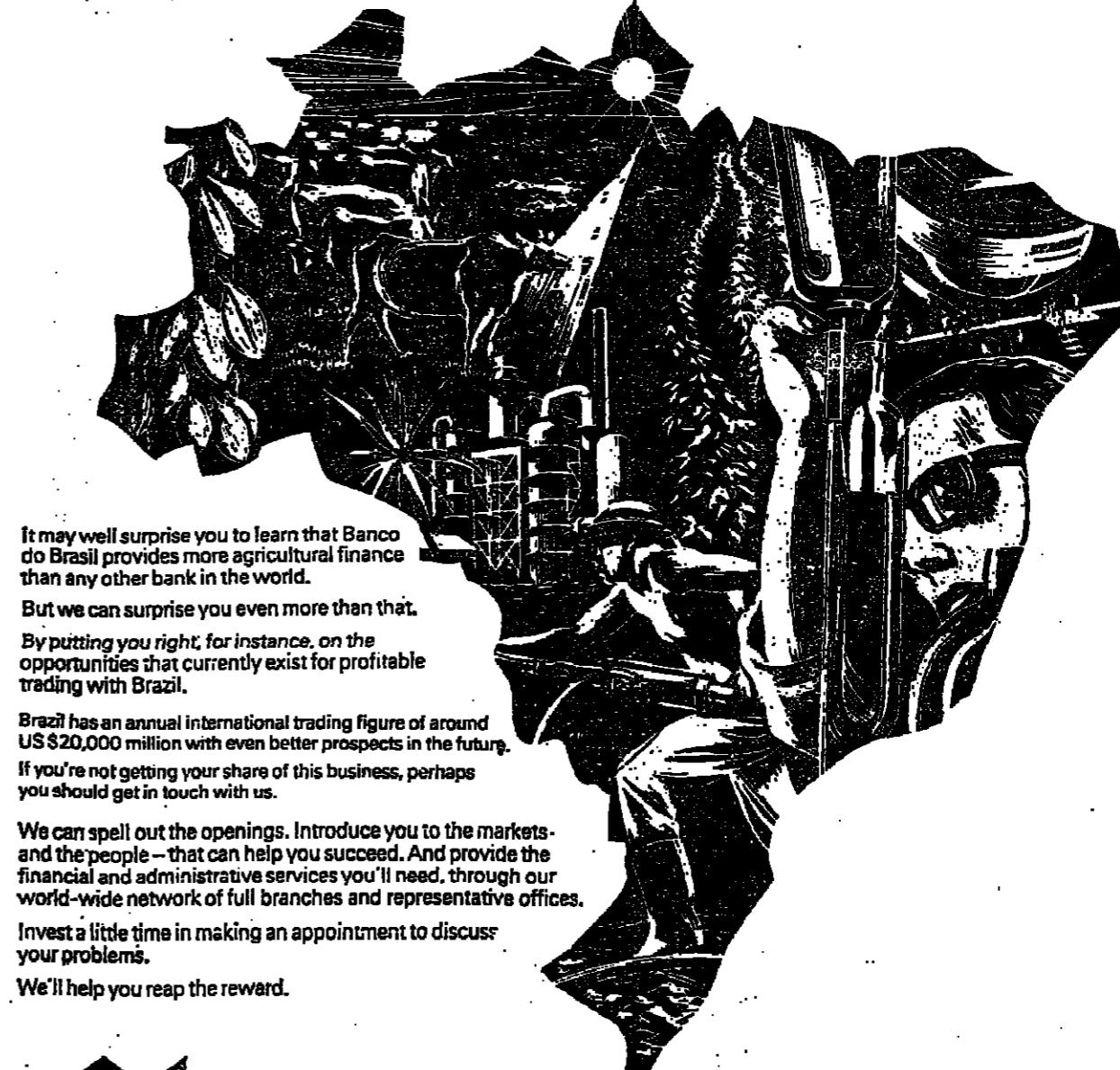
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WALL STREET + OVERSEAS MARKETS

Early 14.6 fall on economic fears

BY OUR WALL STREET CORRESPONDENT

FURTHER SHARP losses were recorded on Wall Street to-day, attributed to continuing worries over the soundness of the economy and concern over the outcome of Presidential Elections.

By 1 p.m. the Dow Jones Industrial Average dropped another 14.43 to 957.75 and the NYSE All Common Index gave way 89 cents to 934.16, while declines overwhelmed advances by more than a

Owens-Illinois fell \$24 to \$32 Thanksgiving Day; Japan—Health and Sports Day and South Africa—NCA dipped \$12 to \$334. Kruger fell \$10 to \$334, although it introduced a new generation on retail terminals.

Serverson were off \$1 to \$123. \$132—a tender offer expired for Day.

OTHER MARKETS

Paris down

French shares declined across the board in light trading on the Paris Bourse yesterday, although there was an absence of any large-scale sales. All groups were affected.

Internationals were also marked down.

BRUSSELS—Prices declined over a wide front in moderate trading. Among generally lower Belgian issues, Steels fell, Metals tumbled. Chemicals gave ground, as did Holdings. Oils were lower, while Electricals and Utilities were mixed.

U.S. stocks also declined, the French sector was generally lower, as were Dutch and German shares.

South African Gold Mines eased.

AMSTERDAM—Sharply lower. Banks and Insurances were steady, however, most transports declined.

Holland-American Lines shed \$1.50 to \$10.50. KLM Fls.1. Van

Milne & T. & T. \$1.50 to \$10.50. Fokker \$1.50 to \$10.50.

The following markets were closed yesterday: Canada for Union Fls.10.

Markets closed

FRIDAY'S ACTIVE STOCKS

Change

Stocks closing day

traded price day

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STOCK EXCHANGE REPORT

Fresh reaction awaiting outcome of economic debate

Share index down 6.6 at 286.1—Glaxo results please

Account Dealing Dates

Option

First Declarer—Last Account

Dealing Days—Dealing Day

Sep. 20 Sep. 30 Oct. 1 Oct. 2 Oct. 3

Oct. 4 Oct. 14 Oct. 15 Oct. 16 Oct. 17

Oct. 18 Oct. 28 Oct. 29 Nov. 9

"New York" dealers may take place from 9.30 a.m. two business days earlier.

drift day in British Funds yesterday. There was no follow-through support to the heavy demand for the short stop stock.

Treasury 114 per cent. 1979 A

down 1 at 123, which developed

last Friday and there was a

whirlwind. Sedgwick Forbes receded

Hocheat declining 35 to 470p.

ICI were finally 5 off at 274p, after 280p. Elsewhere in

Chemicals, overseas issues con-

tinued to reflect the reaction in

the dollar premium. Norsk Hydro

lost three points to 540, and

Hocheat declining 35 to 470p.

Reynrole react

Reynrole—Parsons featured

Electricals with a fall of 7 to 90p

on reported concern about the

need for power generation orders.

Late weakness in GEC left the

shares 6 down at 114p. Philips

Lamp, still reflecting the dollar

premium and overseas advice,

lost another 20 to 84p. Among

secondary issues, Pressac declined

4 to 28p in front of Thursday's

preliminary figures.

Stores made another poor show-

ing, closing with widespread losses

and often substantial losses. W. H.

Smith & A. featured with a

reduction of 14 to 70p on some

available stocks, while losses of

were seen in Marks and Spencer,

73p, and UDS, 51p. Falls of 5 were

recorded by House of Fraser, 47p,

and Currys, 57p, while British

Home Stores declined 5 to 103p.

Walls & Company (Costumers)

shaded 3 to 30p on further con-

sideration of the preliminary

figures. One notable casualty

declined Wilkinson Wardlow 5

at 39p and S. S. Smith's "A" 7p

cheaper at 105p. Apart from

Empire Stores, 3 easier at 178p

low of 60p in front of tomorrow's

interim figures, Mail Orders were

idle and closed with little altera-

tion with Glaxo 20 down 21p on

a thin market. Merchant Bank

casualties included Keyser Uhl-

mann 3 down at 18p. Slater

Walker 17p per cent. Joan 1995

were marked up 2 to 56p after

Press comment. Following last

the House of Commons made for a

week's decline of 10, Lloyds and

20 down at 183p. Alexander Howden

was also 7 down, at 105p, in ex-

rights form, while the "new" nil-

paid shares after opening at

around 130p fell away to 41p

before closing at 35p premium

Among Composites, General Acci-

dents shed 5 to 117p; the shares

are due to go ex-right on day-to-day

losses ranging to 4 and occasion-

ally more.

Trading in Investment currency

was more subdued than of late

and the premium slipped from an

opening rate of around 122p per

119p, 10 per cent. before

closing 21 points to 117p. Yesterday's

SE conversion factor was 0.8940

2.6955.

Banks drift down

The Banking sector generally

gave further ground on lack of

support. English, which in-

increased its base lending rate to 14

per cent. last Friday, led the

decline with a fall of 6 to 212p,

while Westminster ended 5

lower at 182p. Lloyds, 165p, and

Midland, 213p, ended 2 and 3 easier

respectively. Overseas issues were

not too cheerful, with New South

Wales 20 down at 203p and the

Commercial Bank of Australia 20

lower at 50p with the new nil-

paid 10 at 125p premium.

Commercial Bank of Australia lost 10

at 240p and the new nil-paid fell

13 to 57p in premium. Discounts

managed to edge forward in

places, however, with Union 5 up

at 140p and successor

Official markings of 5,620 com-

pared with 6,224 last Friday and

4,224 a week ago.

Gilt give ground

The lacklustre showing by

sterling coupled with uncertainty about the outcome of the

emergency economic debate in

the House of Commons made for a

week's decline of 10, Lloyds and

124p and because of the current price level, jobbers are forced to deal only in full-paid form.

Buildings again reflected con-

cern over dearer money coupled

with the likelihood of more

public spending cuts. Interna-

tional Paint declined 20 to 220p

in a thin market, while Watts

and A. J. V. Jenkins 144p, 10 up at

145p, 6 easier. Wickes closed 10p

cheaper at 105p. Apart from

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Reynrole react

Reynrole—Parsons featured

Electricals with a fall of 7 to 90p

on reported concern about the

need for power generation orders.

Late weakness in GEC left the

shares 6 down at 114p. Philips

Lamp, still reflecting the dollar

premium and overseas advice,

lost another 20 to 84p. Among

secondary issues, Pressac declined

4 to 28p in front of Thursday's

preliminary figures.

Stores made another poor show-

ing, closing with widespread losses

and often substantial losses. W. H.

Smith & A. featured with a

reduction of 14 to 70p on some

available stocks, while losses of

were seen in Marks and Spencer,

73p, and UDS, 51p. Falls of 5 were

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AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is listed below with quotations on London, Irish issues, most of which are not fully listed in London, are shown separately and with yields at the Irish range.

Base Rate Change

BANK OF BARODA

Bank of Baroda announce that for balances in their books on and after the 12th October, 1976, and until further notice their Base Rate for lending is 13½% per annum. The Deposit Rate on all monies subject to seven days' notice of withdrawal is 10½% per annum.

ENTERTAINMENT GUIDE—CONT.

ART GALLERIES

ART GALLERIES	
MARJORIE PARK GALLERY, 295, King's Road, Chelsea, S.W.5. THELMA HULBERT, recent Exhibitions. MICHAEL KUPERS Pottery. Until Oct. 30th. Open 11 a.m. Sat. Closed Mon.	MARJORIE PARK GALLERY, 295, King's Road, Chelsea, S.W.5. THELMA HULBERT, recent Exhibitions. MICHAEL KUPERS Pottery. Until Oct. 30th. Open 11 a.m. Sat. Closed Mon.
OMI GALLERIES, 40, Albermarle Street, Piccadilly, W.1. ENGLISH LANDSCAPE RIVERS AND VILLAGES. "Paintings by JOHN NEALE and watercolours by STEPHEN THOMPSON. Until Oct. 16.	OMI GALLERIES, 40, Albermarle Street, Piccadilly, W.1. ENGLISH LANDSCAPE RIVERS AND VILLAGES. "Paintings by JOHN NEALE and watercolours by STEPHEN THOMPSON. Until Oct. 16.
MARINE ARTISTS, Royal Society's Annual Exhibition, at Gullane Hall, E.C.2. Mon.-Sat. 10-5. Until 5th Nov. Adm. Free.	MARINE ARTISTS, Royal Society's Annual Exhibition, at Gullane Hall, E.C.2. Mon.-Sat. 10-5. Until 5th Nov. Adm. Free.
THE PARKER GALLERY, 2, Albermarle Street, Piccadilly, W.1. Exhibition of old masters, military, sporting and topographical prints and paintings and ships' models.	THE PARKER GALLERY, 2, Albermarle Street, Piccadilly, W.1. Exhibition of old masters, military, sporting and topographical prints and paintings and ships' models.
REDFERN GALLERY, RORY McWEENY Paintings and Drawings. 12 October-3 November. 20 Cork Street, London, W.1.	REDFERN GALLERY, RORY McWEENY Paintings and Drawings. 12 October-3 November. 20 Cork Street, London, W.1.
FIRST LONDON EXHIBITION, London. Visuals, Pastels and Drawings by L. L. Taylor. October 12th at noon-Saturday 13th. Daily 10-5.30. Saturdays 10-1.30. 1st Floor, 116, Grafton St., Bond St., W1. S.L.F.	FIRST LONDON EXHIBITION, London. Visuals, Pastels and Drawings by L. L. Taylor. October 12th at noon-Saturday 13th. Daily 10-5.30. Saturdays 10-1.30. 1st Floor, 116, Grafton St., Bond St., W1. S.L.F.
COLNAGHI'S, 14, Old Bond St., W.1. ENGLISH WATER-COLOURS, DRAWINGS AND PAINTINGS. Until 21 October. Mon.-Fri. 9.30-5.30. Sat. 10-1.	COLNAGHI'S, 14, Old Bond St., W.1. ENGLISH WATER-COLOURS, DRAWINGS AND PAINTINGS. Until 21 October. Mon.-Fri. 9.30-5.30. Sat. 10-1.
MARLBOROUGH, 6 Albermarle St., W.1.	MARLBOROUGH, 6 Albermarle St., W.1.

CLUBS

CLUBS	
ALL THE PRE- SCHOOL, 2.05. ALL MEN (A&J), 8.05.	8.05.
CHERRY ONION (A&J), 6.30, 8.30.	CONT. PROG. 2.20.
SHIRLEY KUBRICK'S, Ryan O'Neal, Marsha Partington, air-conditioned.	BARRY LYNDON 8.05.
INT. EASWOOD, THE OUTLAW JOSEY LAW, 2.00, 6.00.	8.05.
EVE. 155, Regent Street, 734 0557. A is carte or All-in Menu. Three spectacular Floor Shows. 10.45, 12.45, 1.45 and midnight of Johnny Hawkesworth & Friends.	
GARGOYLE, 69 Dean Street, London, W.1. STRIPTEASE FLOORSHOW SEX UNLIMITED Show at Midweek also 1 a.m. Hostesses	

OFFSHORE AND OVERSEAS FUNDS

NOTES

Chairman Mao's widow 'arrested after coup bid'

BY COLIN McDougall

MADAME CHIANG Ching, widow of the late Chairman Mao Tse-tung, and three other leading radicals in the Chinese Communist Party, are under house arrest following an attempted coup against the new leadership, according to unconfirmed reports from Peking.

The reports are supported only by circumstantial evidence which suggests that the power struggle which surfaced within the leadership before Chairman Mao died has intensified.

Reports of the coup make no mention of whether violence was used. In the meantime it became clear in the Chinese capital that the new team which appears to have come out on top consists of Hua Kuo-feng, who is believed to be the new acting chairman of the party and Mao's successor, and a leading moderate, Li Hsien-nien, who appears to have taken over the functions of Prime Minister.

The reports say that the four leaders of the radical group under arrest are Chairman Mao's widow Chiang Ching, Party vice-chairman Wang Hung-wen, Vice-Premier Chang Chun-chiao and Politburo member Yu Wen-yuan. While so far there is no other evidence to support this there have also been unconfirmed reports of troop concentrations in Peking.

There have also been fresh wall posters seen in the capital urging

people to support the army, while Peking Radio has constantly re-broadcast the important editorial which appeared on Sunday in China's three major publications. This editorial reiterated Chairman Mao's injunction to "unite and don't split, be open and above board and don't intrigue and conspire."

A special correspondent in Peking reports: News of the upheaval emerged this afternoon following a welcome ceremony for Mr. Michael Somare, Prime Minister of Papua, New Guinea, at Peking Airport.

Mr. Somare, visiting China at the invitation of the Chinese Government, was greeted by Hua Kuo-feng, now believed to be acting chairman of the Chinese Communist Party in succession to Mao Tse-tung, though an official announcement of his appointment has yet to be made, and by Li Hsien-nien, senior Vice-Premier respectively, indicating there was no change in their status.

Semantics

A confused picture has been further clouded by a New China News Agency report that "Vice-Premier" Li Hsien-nien held talks with Mr. Somare, again, a task usually falling to the Chinese Prime Minister.

The new prominence given to Mr. Li despite his unchanged title and the Chinese leader's repeated references to the fact that the party's Central Committee was now headed by Comrade Hua Kuo-feng suggests that the leadership is now indulging in a game of semantics.

Doubtful about the capacity of the Chinese to accept any name but Mao's as party chairman, Mao Tse-tung, the radicals will have given Hua the crushing blow.

gether would indicate that the job without the title.

Wall posters, which have unprecedentedly gone up in Peking supporting the choice of Hua as party chairman before an official announcement, and the delay in making an announcement are open to any number of interpretations. Either the Central Committee has been unable to agree on a replacement premier for Hua. Or, as one diplomatic observer said, posters supporting his appointment may have been put up by the Shanghai radical group, leaking news in advance to embarrass Hua.

The wholly confused picture should be clarified during Mr. Somare's visit. He is the first foreign leader to arrive in Peking since the death of Mao and the first to have talks with Chinese leaders, on this occasion for the purpose of establishing diplomatic relations between the two countries.

The identity of the Chinese leader who gives the welcoming speech for Mr. Somare at a banquet to-night will go some way towards establishing the composition of the team to lead China in the post-Mao era. If the partnership of party chairman and Prime Minister does

consists of Mr. Hua and Mr. Li, whatever titles they are to be given in the interests of preserving the image of a once-and-for-always party chairman, Mao Tse-tung, the radicals will have been dealt a crushing blow.

S.E. ballot on options expected

BY MARGARET REID

A VOTE of the Stock Exchange's 4,100 members is expected in December to decide whether to embark on the controversial plan project for a traded options market.

A 75 per cent majority of those voting will be needed to secure approval for the scheme, since an alteration in the Stock Exchange's rules of settlement would be involved.

One or two prominent members of the Stock Exchange yesterday estimated the chances of a favourable vote at no more than 50:50.

Major issues which the Stock Exchange has decided in recent years by voting have been the admission of women members and the establishment of a united British Stock Exchange. Introduction of advertising was settled by a vote, as was the reintroduction of a limited form of option trading in the 1960s.

Before the poll on options is launched the Stock Exchange Council is expected to consider a prospectus-type document to test the degree of financial backing that exists for a traded options market. This may be done as soon as November 2.

This document would invite member firms to subscribe for some 250 seats in the proposed options market, probably at £4,000 each. If it were approved it would be likely to go out in November.

In June the Stock Exchange Council decided in principle to sponsor the establishment of a traded options market in London.

Under this system, based on the Chicago Board Options Exchange in the U.S., investors

can not only purchase options to buy shares in future at pre-fixed prices but

can trade in the options.

BOC ends furnishing perk for managers

By Christian Tyler, Labour Staff

BRITISH OXYGEN is to end one of its perks to senior managers after talks with the Department of Employment about the pay policy.

One reason why the report had

taken so long to complete was

that its experts had repeated

every calculation submitted by

the PWR pressure vessels which

had been stressed as specially

important by Sir Alan Corlett,

former chief scientific adviser to

the Cabinet, would be "very

small."

It is to give up buying furni-

ture and fittings for executives

intended to encourage them to

invite foreign customers home

in an effort to win orders.

Whether the arrangement was

a breach of the pay policy or not

had not been made clear, a

spokesman for the company said

yesterday. But it would be

stopped "rather than allow any

further doubts to linger."

This perk started in April. Up

to the end of last month, £1,500

was spent on senior managers.

Another £10,000 had been spent

and will not now be spent.

The company is to continue

giving housing loans, and to en-

courage people to take up their

fees for overseas directorships.

The three perks were first re-

ported in Labour Weekly, and it

is understood that Mr. Albert

Booth, Employment Secretary,

was told of them during the

Labour Party conference in

Blackpool the week before last.

Meanwhile, the Department of

Employment is looking at a

scheme introduced by IBM U.K.

under which employees are

offered interest-free loans to

help them with commuting costs

in the London area.

The Department is not actively

investigating other companies' perks,

it stresses that it has no suc-

cession in a voluntary policy

and that the pay guidelines be-

long primarily to the TUC. But

it has clearly been unable to

ignore instances of apparent

breach that have reached the

national Press.

As in the past, the Commission

will have to obtain the assent of

the council of Ministers before

acting.

The Commission is planning to

develop a more comprehensive

and sensitive monitoring system

which, it hopes, will enable it to

define more precisely the condi-

tions in which a "manifest

crisis" should be declared and to

detect the emergence of such a

situation at an earlier stage.

West Germany's steel industry

Page 5

new steel policy, which includes

more flexible arrangements for

intervention to reduce production

in times of flagging demand,

have been under study for

almost three months and grew out

of the profound difficulties

suffered by the industry during

the most recent recession.

The new proposals, at the

instigation of the German Gov-

ernment and steel industry, contain

provision for a "trigger" mecha-

nism which would automatically

put emergency measures into effect in times of

apparent crisis.

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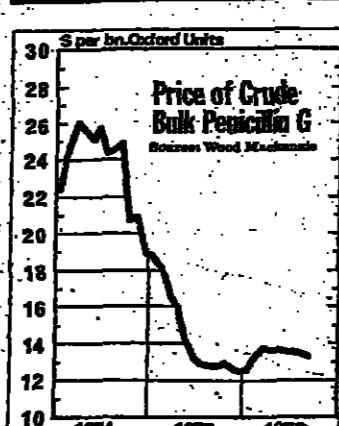
West Germany's steel industry

Page 5

THE LEX COLUMN

Glaxo's exchange rate tonic

Index fell 6.6 to 286.1



rowings—largely short term—of over £20m.

This high level of gearing arose as a result of the acquisition of Brown Bayley Steels in 1973. Two-thirds of the deal was financed by debt, and Brown Bayley—already a highly geared company—was then in the middle of a substantial capital project which overran its original budget of about £55m by something like 100 per cent.

The modernisation programme, which was remanned with medium term loan facilities, was completed just before the recession and Dunford is now stuck with debt repayments running at perhaps £5m a year.

For perspective, its operating cash flow in the three years to November 2.

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Under this system, based on the Chicago Board Options Exchange in the U.S., investors

can not only purchase options to buy shares in future at pre-fixed prices but

can trade in the options.

With sterling staying weak-

down another tenth since June

the group's prospects look

good, and the p/e at 282p is now

only 7. But the yield is under

5 per cent, and at all but 20

per cent rise in sales